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**Deregulation and the Market in Public Discourse:
The AT&T Divestiture, the 1996 Telecommunications Act, and the
Development of a Commercial Internet**

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by

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**Deregulation and the Market in Public Discourse:
The AT&T Divestiture, the 1996 Telecommunications Act, and the
Development of a Commercial Internet**

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This research surveys public discourse surrounding three critical periods in US telecommunications policymaking, sampling articles from the *New York Times*, *Newsweek*, *US News and World Report*, and *Wired Magazine*. During the years surrounding the AT&T divestiture, the 1996 Telecommunications Act, and the 1990s new Internet economy, dominant conceptualizations of the government and its proper regulatory role shifted substantially in discourse, accompanied by changing views of the

public interest. The state's traditional role as a protector of social goods such as affordable telephone service or broadcast media diversity markedly recedes while the public interest is increasingly defined in terms of consumer opportunities, technological innovation, and national economic strength. This project studies the development of public discourse surrounding communications policy over time, assuming that while the press coverage may often reflect dominant policy concerns, public discourse also can contribute to conditions conducive to particular policy trends and demonstrate dominant assumptions or "common-sense" concerning the role of the state, the public interest, and the relation between regulation and the strength of the economy.

The analysis of this media coverage seeks to answer two key questions. First, how is the role of the state constructed in the press surrounding the AT&T divestiture and the 1996 Telecommunications Act? News stories published during these two watershed moments of deregulation reveal a variety of competing discourses on the ideal role of the state and the necessity of government regulation. Second, how is the new economy implicated in press coverage of Internet regulation? The nascent new economy and the naturally unregulable nature of the Internet are both invoked as primary arguments against regulation of the increasingly commercialized 1990s Internet. In answering these research questions, this project provides a systematic, empirical investigation of trends in public discourse and relations between material circumstances and ascendant frames while analyzing the primary characteristics of the deregulatory paradigm that is currently dominant in US public discourse, represented in selected popular press coverage.

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CHAPTER ONE: INTRODUCTION

During the past two decades, the information society has changed enormously, with profound economic, technological, and social ramifications. This project investigates the role played by public discourse in these shifts, relying on several mass media print publications. Socially, information and communication technologies are increasingly pervasive in everyday life and work, although this has varied according to characteristics such as urban/rural residency, race and ethnicity, income, age, and education. Technologically, digitalization and growth of high-speed infrastructure have facilitated the convergence of traditionally separate technologies, including video, telephone, and data services. Deregulation has been a dominant policy trend, associated with new forms of competition and the development of new technologies and services. The group of technologies comprising the Internet, which emerged from a government research project, has been commercialized and privatized since the early 1990s. Structurally, the telecommunications industry has changed radically in the last 20 years, responding to the trends of deregulation and technological convergence with increasing horizontal and vertical consolidation. Industry mergers have been promoted as ways for companies to realize greater efficiencies, increase their competitiveness on the global market, and benefit customers with lower prices and an expansion of services, but the intensifying consolidation has also produced anxiety about reduced consumer choice, dangerously consolidated market power, and the formation of oligopolies.

This project focuses on the public discourse surrounding the deregulatory shifts in US communications policy that helped to shape the information society during the past three decades, studying the press coverage surrounding these policy trends. The research focuses on the news reporting of the AT&T divestiture, the 1996 Telecommunications Act, and the regulation of the Internet during the 1990s new economy boom. Longitudinal examination of public discourse, represented here by samples of mainstream print news coverage, can show how these deregulatory choices were publicly perceived at different points in time. This project studies the ways in which policy choices were framed, looking at the shifting role of the government in discourse during these periods, and changing ideas about regulation itself. Market led regulation, a construct discussed in some detail below, has been often touted by government stakeholders and representatives of private industry as the most enlightened policy choice, superior to traditional forms of state oversight. Government involvement is frequently vilified in deregulatory discourse, which privileges the market as a more just, effective, and natural mechanism of industry regulation, stimulating economic growth and technological innovation. Tracing these dominant news frames of policy coverage, this project describes primary characteristics of the market led paradigm that increasingly took hold during this period. Longitudinal analysis also illustrates the discursive struggles that occurred in the press as the concept of the public interest was renegotiated and market led regulation was greeted with mixed emotions in news coverage.

The past two decades have been a period of technological innovations and significant changes in economic circumstances for the US and other countries. The expectations surrounding the administration of information infrastructures have also changed profoundly during this period. The privatization of communication and information networks in the U.S., such as the deregulation of the phone system and later, the push for a commercial, profit-making Internet, have been globally influential. The deregulatory fervor fueling these national policy shifts has manifested in other countries, often under direct or indirect pressure from the U.S., causing waves of privatization among formerly nationalized telephone and broadcast companies in South America, Europe, and Asia. This project focuses on such deregulatory trends in communication and information networks on a domestic level, concentrating on the discursive shifts in news coverage surrounding some critical policy decisions.

Deregulation, the relaxation of traditional state-enforced restrictions on price and entry conditions, contributed to increased industrial power in the market place as certain firms were able to take advantage of reduced state oversight. Soon after the first major wave of communications deregulation in the 1980s, information networks were further privatized, as companies took over the networks' administration—for instance, the National Science Foundation ceded responsibility for sections of the Internet backbone to firms such as Sprint. As private companies gained influence over this emergent information network, new concerns developed, including making a profit from this technology. During the first half of the 1990s, the Internet went from being viewed as a

communications medium of mostly non-commercial researchers and hobbyists to being depicted as the new frontier in commercial enterprise. This project suggests that such changes in the information and communication systems of the U.S.—deregulation, privatization, and commercialization—were accompanied by shifts in the discursive articulations about them. As assumptions about communication and information technologies and uses changed, policy solutions and even statements of core policy problems in the press also changed. Within the institutional constraints of commercial media, how did public discourse on U.S. communications policy change over the past three decades to contribute to conditions conducive to these substantial shifts? The research shows that a plethora of concerns surrounds market led regulation during these periods--especially the AT&T divestiture and the later years of the new Internet economy—but historically, deregulation has continued to be the foremost policy trend. Analyzing the strength and content of the frames associated with deregulation can help build a better understanding of how deregulation prevailed, but not without discursive struggle. This research assumes that public discourse, while only one of many factors in the policy ecosystem, is significant, demonstrating dominant assumptions or “common-sense” concerning the role of the state, the public interest, and the relation between regulation and the strength of the economy.

This project studies the development of public discourse surrounding communications policy over time, and draws on the work of Todd Gitlin (2003) and William Gamson (1992) assuming that while the press coverage may often reflect

dominant policy concerns, public discourse also can contribute to conditions conducive to particular policy trends. This research assumes that public discourse, in this case the way policy concerns are discussed in the press, frames issues in particular ways and conveys embedded assumptions, representing different points of view. Thus, a discourse favoring deregulation might highlight the need for global economic competitiveness, assuming that a globalized economy is both beneficial and inevitable. Discourse is significant because of its framing ability that highlights certain aspects of an issue while downplaying others. Discursive shifts, changes in the ways groups of people describe and understand issues, cannot be directly linked to changes in policy, but this research assumes that changing discursive formations in mass media can contribute to an environment conducive to particular policy trends.

This research examines the progression of public discourse over time, by analyzing the contemporary articulations of deregulation, privatization, and commercialization in particular media publications including the *New York Times*, *Newsweek*, *US News and World Report*, and *Wired Magazine*. These specific publications were chosen in order to sample several different discursive sites: *The New York Times* represents the elite pole of mainstream national discourse, whereas *Newsweek* and *US News and World Report* target a less elite, mass audience with less technically detailed stories and occasional photo spreads. *Wired* is significant as the magazine that has claimed to represent the high technology labor sector culturally, contributing to the specialized status of software programmers and web site developers as members of a

specific, newly emergent culture. The characteristics of these selected publications are discussed further below, in the chapter on method. Examination of this news coverage can illuminate the changing tone of public discourse surrounding information and communication policy in the U.S. This analysis is predicated on the basic assumption that discourse matters; the way the public discourse frames an issue can have material consequences.

During most of the twentieth century, the telecommunications infrastructure has been perceived as vital to public and commercial life. These perceptions of telecommunications networks' purposes have influenced policy formation, creating a variety of discourses. Several decades ago, the telephone began to be perceived as a technology not just for business use, but also necessary for private individuals. Policy to protect private consumers and promote a robust, interconnected system was created, resulting in a government-regulated telephone monopoly. Later, assumptions about both the technology and the role of government regulation changed, bringing a reduction of government oversight. Assumptions about technologies, definitions of the public interest, and about the roles of private industry and the state have shifted gradually. By examining the public discourse surrounding these shifts, this process of change can be better understood. This project asks two central questions which will highlight primary elements in representations of information society policy—what is or what should be the role of government and what is the significance of the “new economy?”

Deregulation and the Shifting Role of the State

First, how has the discursive construction of the state shifted in public discourses surrounding the information society? The research presented here focuses on two watershed moments in US telecommunications deregulation—the AT&T divestiture in 1984, and the 1996 Telecommunications Act. Traditionally, regulatory bodies such as the Federal Communications Commission oversaw the activities of companies involved in the information and communication infrastructure, including the telephone company or broadcast media outlets. Information networks were constructed with government funding and planning, creating webs of backbone linking universities, military installations, and government research laboratories. The past twenty years, however, have seen a strong trend toward deregulation.

AT&T, once a government-regulated monopoly, was forced to divest its regional local exchange companies in the early 1980s, but at the same time was liberated from the oversight and restrictions the company had been subject to for several decades.¹ Free to enter other industries such as data processing and computing, AT&T became a powerful symbol of the virtues of deregulation in the communications sector. Consumers, now able to choose between long distance companies, were considered to be better off, and firms offering telephone services were supposed to be encouraged by the prospect of competition.

¹ It could also be argued that the new oversight that was required on the path to deregulation, such as the determination of competitive benchmarks, was similarly onerous.

The media coverage surrounding the divestiture reveals several primary discourses on the role of government, and many examples of deregulatory rhetoric. State intervention is frequently framed as an obstacle to progress, and as artificial, unnecessary interference in the natural processes of the market. In this deregulatory paradigm, market led “regulation” is rhetorically glorified, and is associated with fairness, lower prices, greater consumer opportunities, technological innovation, and national economic strength. At the same time, the state is also portrayed as responding to anxieties surrounding deregulation, which is represented in some articles as contributing to higher prices, declining service quality, and limited access. In this discourse, the government functions as a protector of common consumers, pursuing universal service policies. These discourses, which promote deregulation and condemn state involvement but also demonstrate considerable anxiety concerning market led regulation, appear in different forms throughout the three periods studied.

This project focuses particularly on the discursive strategies that have the effect of supporting the dominant market led regulatory paradigm in public discourse. For the purposes of this research, “market led regulation” refers to the belief that the collective forces of the free market constitute the most effective form of regulation. This concept is distinct from self-regulation, which refers to specific industries’ efforts to monitor their business practices, generally through private oversight organizations. Industry representatives may create complex policies and monitoring mechanisms in order to do this, often engaging in self-regulation in order to avoid direct government oversight.

Market led regulation, in contrast, assumes a *laissez-faire* doctrine where “markets should be left alone to obey their presumed natural logic” (Schiller, 1999, p. 1). This paradigm, which borrows from Adam Smith’s model of economics, assumes a market composed of companies and individuals freely competing and pursuing their own interests—consumers seeking the lowest prices and producers seeking the highest profit. The collective force of these private interests is believed to support the greater good of society, constituting an “invisible hand” that guides the market and assures maximum prosperity. The media discourse examined for this project often constructs deregulation as a subtractive process, but this research assumes that deregulation—the removal of state oversight—is more accurately described as a shift to a different form of regulation, based upon the logic of the market (Mosco, 1996). Media frames supporting market led regulation are evident during the three periods studied here, but other competing discourses—such as those critical of deregulation—are also highly visible. This research looks at the struggle between these different discourses of regulation, focusing on the discursive strategies that contribute to the support of the market led regulatory paradigm, allowing it to prevail over alternative perspectives. This paradigm sometimes explicitly frames state intervention as harmful, resisting the natural logic of the market. More subtly, the state’s presumed regulatory role shrinks in public discourse, so that instead of overseeing market entry or pricing considerations, government representatives are portrayed appropriately addressing very specific programs and issues, such as the television V-chip. The traditional, more broadly protective role of the state tends to fade

over time. Fears associated with deregulation, such as rising prices and industry upheaval, comprise another prominent alternative discourse. News coverage supporting deregulatory policy sometimes directly addresses these fears, re-framing them as inevitable side effects of the ultimately beneficial transition to market led regulation. This analysis identifies the diminishing role of the state and the reframing of deregulatory anxieties in public discourse as discursive strategies that have the effect of promoting the market led paradigm, and these will be discussed in greater detail in following chapters.

New questions concerning the role of the state developed as a group of technologies referred to as the “Internet” came into public view. Primarily, should the federal government have direct influence on the continued growth of this powerful collection of networks, or should the government graciously bow out, allowing networks and applications to develop in the hands of private business? If the government were to be involved, what level of involvement would be appropriate, and what choice was more in the public and national interest? While the federal government had historically been involved with the administration of previous communication networks, such as the telephone system, and had been directly involved in the development of the Internet itself, the deregulatory wave in the 1980s had reduced federal oversight. Deregulation and privatization of the communications and information infrastructure were increasingly viewed as an ideal solution as traditionally separate technologies converged and Internet use spread. The state’s traditional regulatory role discursively receded as more proposals of reduced oversight found favor in the policy arena. Regulatory bodies such as the FCC

voluntarily laid down their historical responsibilities (often in the face of court reversals of their existing policies), suggesting that this deregulation was in the best interests of the American public, benefiting the national position on the global market.

The 1996 Telecommunications Act rolled back many of the longstanding restrictions on the communication and information industries, including rules governing market penetration and cross-ownership. This deregulatory legislation was proposed within a policymaking atmosphere that favored reducing the role of state oversight while recasting the state as an aide and partner to industry. By this time, it was understood and accepted that the state must actively support private industry in order to protect national interests. Repealing regulation would increase competition, strengthening the position of the U.S. on the global market, and protecting the interests of the American public. The media discourse surrounding the Act demonstrates several key frames of the government: State involvement is frequently portrayed as an undesirable obstacle to economic and technological progress, likely to quash innovation and true competition, which are expected to naturally emerge as government oversight disappears. The negative frames of the state are much more vitriolic here than in the AT&T discourse, which primarily focuses on the anticipated benefits of deregulation, rather than the many flaws of traditional state oversight. There are also strong discourses of disappointment and anxiety following the Act, as industrial consolidation and market volatility intensified and the Act's supposed benefits failed to materialize. Generally, however, the state is blamed for these troubles, rather than the telecommunications industries, and further deregulation is

cast as the only viable solution to problems associated with the aftermath of the Act. Government continues to be seen in some articles attempting to address traditional public interest concerns, but these are limited to specific areas such as content regulation.

Examination of the mainstream media discourse surrounding these moments in the recent history of the U.S. information society reveals shifts in the assumptions surrounding the role of the state. A reduction in traditional government oversight, and corresponding deregulation and privatization in the communication and information sectors, came to be seen as potentially successful policy solutions. Implied and explicit definitions of the public interest also changed. By examining the media discourse surrounding these policy choices, this project helps to illuminate the process by which particular articulations of the state's role became more viable than others. Over time, traditional government involvement was increasingly perceived in public discourse as unnecessarily intrusive and inefficient, and discourses of reduced state oversight became popular. How did traditional state roles such as enforcing price and entry regulations come to be portrayed as outmoded and needlessly constraining, while new definitions of the state's position emerged?

Framing a New Economy

Deregulation became increasingly naturalized in public discourse as the Internet came into the public eye and the so-called new economy of the 1990s emerged. Although the Internet was the product of a government project, overseen by the Department of

Defense, substantial press coverage strongly suggests that continued government administration might hurt the economic potential of this emergent collection of technologies. After analyzing the discursive construction of the role of the state, this project looks at media discourses on the new Internet and technology-based economy-- the second major component of this research. How does public discourse from this period frame the legendary new economy of the 1990s in terms of previous and ongoing deregulation? Whereas early representations of the Internet, such as those in articles on the National Information Infrastructure, are focused on benefits to education, democratic politics, and the economy, later representations tend to focus solely on the Internet as the engine of the emerging new economy. The new technological economy was interpreted by some stakeholders in media coverage as the result of deregulatory policies, such as the 1996 Telecommunications Act, and also was viewed as justification for future policy reactions. Surrounded by a great deal of hype in the popular press, the economic boom of this period was mainly connected to information and communication industries and was perceived as heavily dependent upon technological advances.

Between the late 1960s and the 1980s, the development of the Internet was largely funded by the state. Precursor networks, such as the Advanced Projects Research Agency's ARPAnet and later, the National Science Foundation's NSFnet were used to support noncommercial academic and government research. Shortly after administration of the Internet was privatized in the 1990s, commercial applications began to proliferate. The Internet, previously considered to be the arena of hobbyists and researchers, was now

framed in terms of its economic potential. A new problem appeared: How could this group of emergent technologies be made profitable? This question sparked a plethora of commercial schemes including online publications, information services, media delivery systems and online advertising formats. New, more secure means of online payment were sought, reliant on regulated encryption technologies, and retailers hailed the World Wide Web as the new frontier of commerce. Throughout this flurry of economic growth, mergers occurred as companies scrambled to get a piece of the online pie.

This excitement is discursively reflected in the very formats of popular publications: While the economic boom of the 1990s produced a variety of new, specialized periodicals such as *Wired* and *Red Herring*, regional and national newspapers introduced technology sections to report the constant stream of news surrounding the new technologically-based economy. Suddenly, editors considered technological innovations to be hot news items. Stories previously considered too obscure for a mass audience were given column space, as advances in integrated circuits and microchips were now understood to have a direct impact on many subscribers' stock portfolios. The more narrowly focused publications that emerged in the early 1990s are similarly preoccupied with the economic potential of information and communication technologies, and the trope of revolution is frequently invoked to describe the changes wrought by the new economic boom.

The economic upswing is perceived as evidence of deregulation's success, and the tone of certain publications, such as *Wired*, is often decidedly libertarian: Government's

main responsibility during this new epoch is to stand back and remove any remaining restrictions on businesses. Free market capitalism, combined with technological innovation, is presented as the obvious choice for any American wishing to become financially successful. Popular culture, including television advertisements, takes pains to differentiate this new economy from previous economic booms. One of the primary characteristics of the new technologically focused company is its youthfulness—bureaucratic remnants of the old guard are represented as outdated, while driven young entrepreneurs such as Bill Gates and Michael Dell, often self-taught and drop-outs from conventional educational systems, are presented as the new business icon. Start-ups, usually portrayed as small companies organized by ambitious young men and women, are praised for their non-traditional lack of hierarchy and revolutionary use of information technologies. These young entrepreneurs and their employees are so devoted to their companies that they work upwards of 80 hours a week, pouring themselves into the company cause with an attitude that is perceived as both heroic but also properly self-interested—one of the primary means of payment in these start-ups of the new economy is the stock option.

The new economy of the 1990s is historically significant, and must be included in this project's survey and analysis of the late twentieth century information society in public discourse. The representation of the new economy in mass media publications constitutes a significant discursive phenomenon. Examining these discourses of the new economy sheds light on the different ways in which economic success has been conflated

with the public interest, justifying numerous instances of deregulation. This conflation appears both in terms of individual citizens' or consumers' interests, and also in discussion of global economies. The removal of traditional regulatory restrictions on telecommunication and media companies was meant to strengthen the position of U.S. companies on the global market. Deregulation would create more opportunities for business growth, so that firms could better compete internationally in the emerging global economy. In this sense of global competition, deregulation is cast as helpful to the state—while the state's regulatory power might be reduced, the success of these companies in the global marketplace is discursively linked to the wellbeing of US citizens and of the country as a whole. Thus, the success of the companies rising in the new technologically based economy is connected to a particular, neoliberal capitalist definition of public good and the role of the state is grounded in making sure private companies achieved a competitive position in the global marketplace.

In much of the public discourse on Internet and new economy policy, market led regulation is framed as the only economically viable option. This frame appears prominently in all four of the publications sampled, and is especially visible between 1996 and 1999, as the Internet is increasingly framed as a mainstream, commercial technology and the hype surrounding the new economy peaks. The Internet and associated industries are framed as extremely vulnerable to stifling government oversight, so that regulation—such as e-commerce taxation or restrictions on encryption-- is portrayed as potentially the death knell of the new economy. The Internet is also often

framed as naturally unregulable, or as a justification for further deregulation in traditional media industries, which face new competition from Internet technologies. This conceptualization of the Internet naturally resisting regulation is especially common between 1995 and 1997, as the Internet become more mainstream but was still frequently framed as a new, utopian frontier. Some counter-discourses represent government regulation as explicitly necessary to the health of the new economy, but these are less frequent and tend to focus primarily on privacy policy. As in the discourses surrounding the AT&T divestiture and the 1996 Telecommunications Act, there is also a strong sense of anxiety concerning market led regulation. In the last two years of press coverage, 2000 and 2001, anxiety and criticism surrounding market led regulation are primary frames, surpassing discourse supporting the free market. Whereas the news stories on the Telecommunications Act tend to focus anxiety on the need for further deregulation, the public discourse surrounding the new economy is more likely to recognize the need for stronger state involvement, in order to address consumer issues such as access, media diversity, and choice of service providers. A significant portion of press coverage from the later years of the new economy suggests that deregulation may have gone too far, allowing dangerous levels of consolidation and oligopolistic control. This perspective is generally limited to the *New York Times*, however, appearing much less often in the other three publications. Despite the prominence of this anxiety and dissatisfaction with market led regulation in public discourse, deregulation has remained the dominant policy choice.

This project assumes that the way people talk and think about the information society and its different aspects significantly influences its ongoing transformation. Discourse contributes to the social construction of everyday experience, circulating particular representations of technology and society, as well as policy formations that respond to these representations. Social construction refers to the ways in which certain perceptions and assumptions shape the experience of lived reality, expressed through conventions, institutions, and language. Meaning is created through social interaction, as collective beliefs about the nature of reality are generated and reinforced. Discourse is one aspect of this process. Social construction can be applied to understand changing assumptions about technological systems such as the Internet, or more abstract concepts such as the role of the state, and this research focuses on public discourse as a significant factor in the greater processes of social construction. The next chapter discusses some of the assumptions and reasoning behind social construction theory and discourse analysis, and then details the specific methods of research employed in this project. Chapter three provides a review of existing literature on deregulatory trends and the emergence of the new economy, discussing how central communication policy theorists such as Robert Horwitz, Patricia Aufderheide and Thomas Streeter have understood the information society and patterns of deregulation. This chapter also explains how the present research fits into these prior frameworks. Chapter four describes the results and analysis, examining the role of the government in public discourse surrounding the AT&T divestiture. Chapter five continues this examination of the role of government, surveying

the press coverage of the 1996 Telecommunications Act, twelve years after AT&T's divestiture. Chapter six addresses the discursive relation of regulation and the new economy, concentrating on the public discourse surrounding Internet regulation during the new economy's boom and bust. Chapter seven discusses the implications of this research and describes how these policy trends of deregulation, privatization, and commercialization were successfully promoted in public discourse, despite the many anxieties associated with market led regulation.

CHAPTER TWO: RESEARCH METHODS

This chapter discusses the theory behind the overarching methodological frameworks used in this work, including framing and discourse analysis and social construction theory. Drawing on the work of Todd Gitlin, William Gamson, Gaye Tuchman, and others, this initial section investigates the material significance of framing analysis, assuming that media discourses can shape daily perceptions of issues and events. This initial section critically examines mass news media as a commercial industry, limited by institutional restraints while still promoting its news product as an objective reflection of reality. While massified news is not the only information source available to contemporary audiences, it remains powerful as a means of influencing and expressing dominant public opinions.

The second section of this chapter links framing and discourse theory to social construction, arguing that framing choices in the media can contribute to the social construction of reality through language. Social construction provides a useful general framework for examining typically accepted institutions and practices and when combined with discourse analysis, is a powerful tool for examining the ways in which assumptions embedded in language can shape perceptions of reality, with material consequences. These approaches are helpful in their recognition of language as an influential force that can illuminate certain possibilities while closing down others. On a basic epistemological level, social construction reconciles the contemporary methodological problem of knowledge—how certain things are labeled as true while

others are not, and how researchers can remain conscious of the power structure they inhabit as observers and participants of social, cultural, and technological systems. Social construction of technology theory, or SCOT, similarly recognizes the constructed nature of concepts and institutions, providing an awareness of technological systems' embedded social and political values. This framework is useful because public discourse on policy is influenced by the assumptions surrounding certain technologies, such as the telephone or the Internet. An example of this is seen in the discourse surrounding the Internet, which shifts in press coverage from being represented as an obscure tool of researchers to being framed as a technology of mass commerce. The specific media frames surrounding the Internet are one aspect of the larger processes of its social construction. After this theoretically focused discussion on the social construction of policy and technology, the chapter moves on to describe the scope of the research, including the selection of historical moments, media sources, and time range in sampling articles. Finally, the actual methods of sampling and analysis used in this project, which relies on inductive content analysis and grounded theory, are discussed.

This research reveals the ways in which recent telecommunication policy issues have been discursively shaped in national media outlets, potentially contributing to conditions conducive to particular public perceptions and ultimately, policy decisions. As dominant articulations of policy issues shift over time, certain options are eliminated from discourse, while others are highlighted through association with prominent spokespersons and through repetition. Representations of policy in media discourse can

alter perceptions of an issue, such as the need for active enforcement of antitrust regulations, making certain perspectives more available than others. Thus, it is important to note the gaps that occur in discourse, as particular viewpoints fade or never even appear. For example, certain aspects of the public interest—such as affordable access and media diversity—are frequently absent in the media coverage examined for this research. These methodological paradigms can be combined effectively to investigate the ways in which issues have been discursively shaped in the media to promote the deregulation of infrastructural communications industries and the privatization and commercialization of the Internet, those institutional trends being primary characteristics of the global contemporary information society. This research seeks to answer two questions: How did the role of the government shift in media discourse in recent decades, so that deregulation became the dominant policy option discussed in mass news coverage? Later, how was the new technology economy of the 1990s valorized in news discourse, discursively reinforcing deregulatory policy and contributing to the dominant social construction of the Internet as a naturally commercialized and privatized group of technologies?

The Power of News, Framing, and Media Discourse

News media has been widely theorized as influential in agenda setting and in the shaping of public opinion, although the degree of the media's power varies by analysis. The appearance of specific media content generally cannot be directly linked to shifts in

public perceptions, but the presentation and repetition of particular frames over time can have a cumulative effect. Gitlin, Tuchman, Gamson and other scholars observe this influence, while critically interrogating the notion of the news media as an objective reflection of reality. These theorists discuss different ways in which the media may affect public opinion, through the use of news frames and the highlighting of particular issues and downplaying of others. This section discusses the ways in which news media can influence dominant discourse, promoting particular views of material conditions and positioning certain assumptions and beliefs as “common sense.” Following this, the institutional constraints of commercial news making are examined, including the use of particular story formatting strategies, and the influence of ownership and economic interests.

One of the most basic assumptions of this project is that the news media does not objectively represent reality, although in the past century news outlets have frequently attempted to position themselves as conveying unbiased truth.² However, Gitlin (2003) notes that established news outlets are not “holding up a mirror to reality” (p. xiv), and instead create particular versions of truth, “bring[ing] a manufactured world into public space” (p. 1). Likewise, Tuchman (1978) finds that news accounts are narrative, rather than veridical accounts of objective fact (p. 5). News stories attempt to construct particular versions of reality through the use of language and the highlighting of

² Examples of this aspiration to truth are visible in the *New York Times*’ long-established slogan, “All the news that’s fit to print,” and more recently, the Fox television network news advertising itself as “fair and balanced.”

particular details while downplaying others.³ Gans (1979) also focuses on the ways in which values are injected into purportedly objective news reporting, noting that these moral values are usually not explicitly stated, but instead are implied. He describes the embedded nature of these implicit judgments, stating, “Journalists try hard to be objective, but neither they nor anyone else can in the end proceed without values. Furthermore, reality judgments are never altogether divorced from values” (p. 39). True objectivity in news reporting is impossible on a practical level, because word choice and decisions over what details of an event are newsworthy always color the final presentation. News audiences, however, must not be assumed to be completely accepting of the purported factuality of these stories. In the 2003 preface to *The Whole World is Watching*, his analysis of the interplay between news media and political activist groups, Gitlin observes that the mainstream news media is viewed with far more skepticism now than in the 1960s, so that media audiences have a stronger sense of “knowingness” regarding the constructed nature of news (p. xx-xxi).

The present project, which studies news coverage between 1980 and 2001, assumes that mainstream news media continues to exert substantial power in promulgating and certifying dominant public discourse by deemphasizing particular interpretations of situations and events and making certain perspectives more available than others. This process occurs largely through implied rather than explicit values, and

³ Tuchman provides an excellent example of this selective use of language in her examination of news discourse surrounding the Vietnam War, which frequently refers to “draft evaders,” rather than “draft resisters.”

with a constant struggle over meaning. Mainstream news media cannot be theorized as monolithic in its perspective, but rather as a site where values and meanings are negotiated over time. Certain narratives, however, rise to the top while less successful ones fade away. These dominant, prevailing discourses can shape the public perception of material conditions, and can limit the airing of alternative viewpoints.

Gitlin (2003) argues that that mass news media is a significant ideological influence, due to its ability to discursively shape the presentation of events and conditions. He states,

Of all the institutions of daily life, the media specialize in orchestrating everyday consciousness—by virtue of their pervasiveness, their accessibility, their centralized symbolic capacity. They name the world’s parts, they certify reality *as* reality—and when their certifications are doubted and opposed, as they surely are, it is those same certifications that limit the terms of effective opposition. To put it simply: The mass media have become core systems for the distribution of ideology (p. 1-2).

The broad visibility and pervasiveness of mainstream news, and the traditional association of news stories with unbiased objectivity, makes news coverage a significant influence in the construction of everyday “common sense.” Murray Edelman (1988) similarly links mainstream news with the propagation of dominant ideology, suggesting that political objects, accounts, and people constitute a “meaning machine” that works not with objective facts but with meanings that reflect and perpetuate certain ideologies (p. 10). These dominant discourses represented in the mass media can even limit the scope of conflicting or alternative news accounts, defining the terms of opposition. One example of this is seen in the news discourse surrounding the unwanted consequences of 1996

Telecommunications Act. Although the Act is frequently portrayed as resulting in intense industrial consolidation rather than competition, the possibility of re-regulation has already been eliminated from the discursive field, and cannot be seriously considered as a potential solution to the problems generated by the Act.

Discourse includes not only language and the social production of meaning, but is a factor in the promotion of ideology, embedded in practices and institutions. Tuchman (1978) argues, “[News] not only defines and redefines, constitutes and reconstitutes social meanings; it also defines and redefines, constitutes and reconstitutes ways of doing things—existing processes in existing institutions” (p. 9). Language describes material conditions and events, and dominant descriptions, expressed through language such as news coverage, can influence public perception and judgment, eventually in turn affecting material conditions. In this way, the relationship between discourse and material situations is recursive, as each influences the other. Although Gitlin (2003), Edelman (1988), and Tuchman theorize the mainstream news media as a powerful ideological force, it is important to recall that the values and messages in news narratives also can represent a struggle over meaning, especially during periods of significant shifts in material conditions when the discourses of mainstream news become more dissonant. This is seen in the coverage surrounding the collapse of the new economy bubble in 2000 and 2001. As will be demonstrated, while some stories covering the crash frame it as necessary “creative destruction” in the overall growth process of the new economy, a significant number of stories denounce the irrational excesses of the Internet stock

bubble. This latter coverage attributes the collapse to poor judgment and lack of appropriate government oversight rather than to the natural development of the deregulated market.

One of the most significant ways the news media implicitly ascribes particular values and assumptions is through framing. Frames are schemas for understanding events and situations, and for making the unfamiliar and unknown familiar and comprehensible. Erving Goffman (1986) explains how a mental framework can function, “allow[ing] its user to locate, perceive, identify, and label a seemingly infinite number of concrete occurrences defined in its terms” (p. 21). Through the use of frames, news media can telegraph particular images and assumptions to readers, making new issues and situations more understandable, but also discouraging alternative interpretations. Gitlin (2003) describes the power of framing in news, stating “What makes the world beyond direct experience look natural is a media *frame*...Frames are principles of selection, emphasis, and presentation composed of little tacit theories about what exists, what happens, and what matters” (p. 6). The news coverage examined in this project, for example, employs a variety of frames to describe government actions and regulatory issues. Many stories frame the government as dysfunctional and inefficient, obstructing the progress promised by the free market. Another prominent news frame presents state involvement as potentially harmful and unnecessary interference in the natural processes of the market—the unregulated market is framed as a jungle, efficiently ruled by the law of survival of the fittest, whereas the government is represented as meddlesome and artificial. In this

paradigm, public interest issues, such as consumer protection, are subordinated to the assumed benefits of deregulation—namely, industrial efficiency and increased innovation.

By describing regulatory issues in these terms, the news articles can encourage particular interpretations, both representing and reinforcing dominant public discourse. Gitlin (2003) notes the often transparent and unconscious nature of frames, recognizing that the strength of specific frameworks lies in their persistent repetition:

*Media frames, largely unspoken and unacknowledged, organize the world both for journalists who report it and, in some important degree, for us who rely on their reports. Media frames are persistent patterns of cognition, interpretation, and presentation, of selection, emphasis, and exclusion, by which symbol-handlers routinely organize discourse, whether verbal or visual (p. 7).*⁴

For this reason, the research presented here is based upon the identification of patterns in news frames over time, identifying periods when particular frames are persistently repeated, and periods when they may lessen in frequency. Frameworks of understanding also can overlap, and multiple frameworks may operate simultaneously, representing a broader system of dominant values--the “cosmology” of a society (Goffman, 1986, p. 27).

Gamson’s (1988) discussion of the ability of discourse to frame issues in particular ways as interpretative packaging is helpful here, with his finding that the range of available packages makes up the issue culture of the public audience. Interpretative packages have an internal structure based upon a particular frame, implying a range of

⁴ Italics are Gitlin’s.

positions both within the boundaries of the frame and external to the frame. The package is often represented through a particular metaphor or catchphrase, condensing the frame of the package down to a few words. While interpretative packages do not always represent clear policy positions, successful packages survive over time by integrating emerging news events into their frame (Gamson, p. 166). One example of this is seen in coverage that repeatedly alludes to the market as a battlefield, employing various war metaphors. This frame of the market as a place of battle is part of a larger issue package, containing assumptions about the nature of competition in a deregulated environment. Competition is assumed to be fair, but is also expected to cause destruction and some confusion. Dominant companies' efforts to consolidate are often viewed as wise battle strategy, as the opposing sides seek allies. These assumptions—conveyed through specific framing devices—comprise a larger interpretative package, representing a particular perspective on the nature of deregulation and competition. As news is reported about specific company failures or intensifying consolidation, these events may be framed in ways that connect them to this broader package of assumptions. Packages have careers in the media, growing visible or fading over time, and the dynamic nature of packages can be attributed to cultural resonances and sponsors, which may be organizations advocating a particular stance on an issue, and media practices (Gamson, p. 167).

Gamson's (1988) theory of interpretative packages is useful in that it acknowledges the influence of institutional media practices and highlights the importance

of interpretation in the discursive process. His method of focus groups and interviews, tailored to the study of audiences' interpretations of media packages, is not appropriate to the present research project (Gamson, 1992). Still, his identification of the characteristics of interpretative packaging is relevant to the study of discourse. Like interpretative packages, discourses can be studied over time to develop a sense of their career in the media. Successful discourses will have internal consistency and incorporate contemporary events. However, this research suggests that other factors, such as the institutional power of those deploying the discourse, can also matter a great deal. Interpretative packages provide another tool for looking at media discourse, and examining the actual components, institutions, and frames that make up individual discourses.

Mass media discourses use a variety of techniques, including metaphor, framing, and imagery to express particular ways of interpreting a situation. Definitions of concepts evolve over time in a social process that results in shared definitions. A culturally resonant frame can make the adoption of one discourse more likely, and this makes the selection of metaphor and imagery especially meaningful (Gamson, 1988, p. 167). Examples of culturally resonant themes include the concepts of progress through technology, or freedom and wide, open spaces. These frames are distinctively American, and although they may have some appeal in other cultures, are most likely to resonate

with people having a certain set of cultural experiences and expectations.⁵ Because this project does not address audience interpretation, however, it will not make direct claims of cultural resonance, although it will investigate underlying, shared values between different discourses. Connections between larger systems of moral values and the framing of regulatory issues will be further explored in the following chapter, drawing upon the recent work of George Lakoff (2002) and James Aune (2001).

The pervasive nature of mainstream news and the power of framing choices help to make media a significant force in the setting of public agendas. Maxwell McCombs, Denis McQuail, Jack McLeod and others have shown that the news media's treatment of political issues tends to direct public opinion, rather than passively reflecting it. On a basic level, the political issues receiving the most media coverage are the most likely to be described by the public as the very important. In this way, news stories and patterns of coverage tacitly imply what issues matter, although the media itself is "far from autonomous," and subject to a variety of institutional and economic constraints (Gitlin, 2003, p. 8). Media outlets can both reflect and promote particular agendas, acting as a lens to emphasize certain aspects of an issue while minimizing others. William Gamson (1988) suggests that for most people, media dominates the issue culture, heavily contributing to the perceived significance of a situation (p. 170). The selective properties of commercial news media elevate particular issues and events to positions of

⁵ This issue of cultural resonance is explored in the analysis of the Information Superhighway, a concept that employed a powerful American metaphor, performed by Kubicek and Dutton (1997).

importance. According to Tuchman (1978), “[N]ews imparts to occurrences their public character as it transforms mere happenings into publicly discussable events” (p. 3). At the same time, the news media’s ability to neglect events is also influential. The coverage of the 1996 Telecommunications Act, a watershed moment in US regulatory history, was generally ignored by the media until after the Act’s passage. In this way, the Act’s development was not portrayed as a publicly significant issue, despite the legislation’s far-reaching effects on consumers and citizens. Effectively, it was not on the public agenda.

The agenda-setting power of the mainstream news media ultimately can have some effect on public policy, according to Gitlin (2003), in that news coverage can limit the terms of debate, and make particular frames more available than others. In his study of news organizations and political activism, he argues that the “processed image” of a political movement can become the primary representation of the movement for the general public, and that this image ultimately has an “impact on public policy,” which tends to respond to images of the movement, rather than to the movement itself (p. 3).

While it is impossible to theorize a directly causal relationship between the public discourse of news media and policy decisions, news coverage can promulgate particular frames and broader discourses, limiting the discursive field and making certain solutions to policy problems especially available. In this way, news media can contribute to conditions conducive to particular policy choices, and frame certain people and issues as more important than others. Edelman (1988) and Gitlin (2003) both find that news media

can certify certain persons as authorities, and make certain topics or events newsworthy. This process is visible in the news stories' coverage of public interest groups and leaders, who fade in and out of visibility over time, sometimes appearing as prominent spokespersons for the public interest, and sometimes hardly appearing at all. Timothy Cook (1989) similarly observes this capacity of media to elevate particular figures as authorities, theorizing that public policy stakeholders and the news media engage in a symbiotic relationship, as policy actors help generate news while attempting to exploit the agenda-setting properties of the mainstream media. This research project does not focus on the direct relationships between discourse in the policy arena and news coverage, but does assume that discourse shapes perceptions of material conditions and ultimately, can contribute to material outcomes. Dominant media discourses are part of the "thick mesh of causes" creating conditions for particular decisions and action (Gitlin, p. xxi).

Institutional Constraints of Commercial News Media

Mainstream news media is powerful in its agenda-setting and framing abilities, but is also limited by various institutional and commercial constraints. As a commercial medium, news coverage must have the power to attract an audience and thus, advertising money. To achieve this, news writers employ techniques of typification and framing to make issues familiar and understandable to audiences (Tuchman 1978; Best 1999; Reinerman and Levine 1999). Simplifying issues and communicating stories through

reference to particular characterizations allow commercial news media to translate complex, detailed conditions into more easily digestible formats for audiences. The brief nature of most commercial news articles also influences the depth of their content. Tuchman notes that it is never possible to describe every aspect of a situation or event, so that details are always omitted out of necessity (p. 7). The information that is included, however, can represent a particular discourse, or give the news a particular narrative frame. Tuchman highlights this element of choice in the construction of the story, stating, “[N]ews reports help to shape the public definition of happenings by selectively attributing to them specific details or ‘particulars.’ They make these selected details accessible to news consumers” (p. 190). In doing so, news writers tend to narrow the issue at hand, limiting other possible narratives. An example of this can be seen in the early coverage surrounding the digital divide crisis: News stories focused on the digital divide as an issue of computer access, rather than considering other more complex influences, such as education, training, or cultural pressures. If an issue cannot be reduced to easily understandable language and does not have a promotional hook, it is unlikely to be reported as news. In this way, news is constructed, not a natural reflection of events. In the case of the 1996 Telecommunications Act, which was generally underreported in proportion to its significance, these commercial newsmaking conventions may have been a factor. Issues surrounding the Act, such as technological convergence and shifting definitions of universal service, may have been too unwieldy to fit easily into a simple news story format. Additionally, complex analyses of

telecommunications regulation are unlikely to sell papers, a central concern in commercial news media.

Beyond these pressures of conforming to institutional norms, the profit-oriented nature of U.S. news production profoundly affects its content. J. McManus (1994) states, “[N]ews, rather than the ‘reflection of reality’ that its producers have sometimes claimed it to be, becomes a commodity to fit the market demands of a collection of special interests” (p. 35). These special interests include the desires of advertisers, as well as news company investors, and the parent company of the news production facility—often a major media firm these days, due to intense industrial consolidation. National media outlets, such as network television or nationwide newspapers, are generally owned by large multinational firms with interests in maintaining particular political and policy arrangements (Schiller 1999; Herman & McChesney 1997). While ownership may not directly influence content and editorial decisions, industrially dominant media companies can be regarded as both reporting and shaping policy formation as well as actual media content.⁶

Gitlin (2003) and Tuchman (1978) both focus on the propensity of commercial news to support the ideological status quo, following the opinions of the elite. This support is accomplished through institutionalized practices, and is often not a conscious decision, according to Gitlin, who states, “When reporters make decisions about what to

⁶ “Outfoxed: Rupert Murdoch’s War on Journalism,” a 2004 documentary on news production at Murdoch’s Fox News, includes interviews with former writers and producers describing how particular policy positions were deliberately and systematically promoted at the news channel.

cover and how, rarely do they deliberate about ideological assumptions or political consequences. Simply by doing their jobs, journalists tend to serve the political and economic elite definitions of reality” (p. 12). This process is not entirely unified, however, and Gitlin, drawing on Antonio Gramsci’s concept of hegemony, admits that “conflicts of policy” do occur within news production, but notes that these conflicts “are played out within a field of terms and premises which does not overstep the hegemonic boundary” (p. 263). Thus, there is room for dissent in Gitlin’s model of commercial news production, but this dissent is limited by institutionalized journalistic routines and basic ideological assumptions. This ideological tension may be seen in the coverage following the 1996 Act, where the Act and its aftermath are criticized in a variety of ways but the underlying premise of deregulation remains generally unquestioned. Instead, the upheaval resulting from reduced regulation is reified, and treated as an uncontrollable but ultimately beneficial natural phenomenon. This reification of economic and social forces, which Tuchman suggests is used to sooth the news consumer and legitimize those in power, presents the undesirable effects of deregulation as inevitable—more akin to random weather than to the results of deliberate policy choices (p. 214).

Timothy Cook (1989) refers to *newsworthiness* as an institutional factor affecting what news gets reported and what news gets ignored. The pursuit of newsworthy stories may induce reporters to pursue interviews with prominent spokespersons and organizations, ignoring less visible individuals and groups. This process can reinforce the prominence of particular authority figures, whose perspectives may be repeatedly cited.

This tendency for commercial news media to support existing power relationships and dominant ideology is recursive—Tuchman (1978) notes that “news both draws upon and reproduces institutional structures,” by certifying authoritative sources and adhering to certain standards of newsworthiness (p. 210). Additionally, pressures of ownership, as discussed above, can motivate news media organizations to restrict critical coverage and commentary within certain ideological boundaries, never going too far in threatening the status quo. It is unproductive, however, to theorize this relationship as a closed, static system, walled off from shifts in material circumstances. Structures of power are subject to continual renegotiation, allowing for shifts in media discourse over time, as circumstances, assumptions, and perceptions change. Gitlin (2003) observes, “hegemony exists in historical time, and its boundaries are adjustable as the media adjust to new social realities” (p. 284). In this way, certain policies or assumptions may fade away in media discourse while others gain precedence over time. This is visible in the coverage surrounding the Internet during the early and middle 1990s, as discourses framing the Internet as a tool of education and enhanced political participation faded, replaced by discourses of electronic commerce.

This project examines the public discourse surrounding deregulatory shifts in US communications policy, drawing upon material from mainstream media sources. Because media companies and their parent organizations are directly affected by communications policy, media has the complex role of reporting the news surrounding policymaking activities while also acting as an interested stakeholder. Broadcast companies, cable

television networks, and newspaper publishers all have had significant interests in recent policy developments surrounding traditional market penetration rules and market entry requirements. At the same time, these very media companies report the news, framing policy issues in particular ways. The economic strength and representational ability of these media firms make them especially powerful generators of policy discourse, as the media organizations may be especially motivated to discursively favor particular policy outcomes, within institutional commercial news norms.

News media discourses have been noted for their ability to frame issues in particular ways, emphasizing certain aspects while eliding others, and for their agenda-setting abilities, whereby certain issues or conditions are elevated in importance. Although commercial news media is only one factor in the formation of public opinion and perception, its pervasive nature makes it significantly influential, and this influence has been noted by a variety of communication scholars. Media discourses are important because of the part they can play in the social construction of reality, shaping perceptions of what is natural and true. This research on news coverage surrounding watershed moments in communication policy is predicated on two primary assumptions: First, the project assumes that media discourse is significant, and can both reflect and shape dominant beliefs and ideology. Underlying this first assumption is the acceptance of the idea that reality is the product of social construction. The next sections will explore the theoretical framework of social construction, and the socially constructed nature of technology. Following this discussion of the theory underlying the project's approach to

research, the chapter will continue with a description of the actual research methods employed, and the problems encountered.

Social Construction and the Value of Discourse

This project approaches the contemporary information society as a set of economic and cultural conditions that are constructed, rather than being technologically or socially inevitable. The current situation of widespread deregulation, faith in free market logic and increased power in the private business sector is not directly traceable to technological innovation or purely rational economics. Rather, these conditions are the result of a complex array of factors; this project will focus on public discourse as one of the most important elements in the shaping of the contemporary information society. Discourse, as discussed above, shapes public perception and reaction to material conditions. This research asks how significant issues and events—such as the shifting role of the state and the economic tech boom of the 1990s—have been discursively presented through public discourse over time.

As a research paradigm, social construction offers a coherent epistemological stance, balanced between precarious postmodern theories of truth and traditional, but politically problematic, Western scientific conceptions of knowledge. This position is especially useful in terms of the study of discourse. While a social constructionist perspective acknowledges the significance of language—that “talk matters”—this point of view also recognizes the subjective nature of meaning production. The social

construction perspective has several advantages: it utilizes the tools of ideological critique, while remaining reflexive. Traditional, universalist conceptions of the truth are rejected, as the approach acknowledges the arguments of the postmodern tradition, but it avoids a fall into boundless relativity. Scientific truth is seen to be a product of cultural and history; everyone, including those in the “objective” sciences, creates local truths, valid in particular contexts.

Truth-telling relies on the assumption that we can actually observe conditions and accurately report them; thus, traditional concepts of truth are dependent upon a knowing mind (Gergen, 1999, p. 10-11). But how do we know what we know? Although Enlightenment traditions of rationality and empiricism attempt to explain this problem through an appeal to an innate mental logic combined with a reference to materialism, these arguments are not adequate to explain the multiple perceptions that exist between different individuals and different cultural traditions. Postmodern theory has responded to this by acknowledging the subjective nature of perception and moral logic—there is no innate, universal consensus on what is logical or what is right. Traditional sources of authority and objective truth are opened to ideological critique. Kenneth Gergen cites Jurgen Habermas in noting that, “all knowledge-seeking privileges certain interests over others, [and] favors a certain political and economic configuration to the detriment of alternatives” (p. 22). Social and political institutions do not occur naturally because these arrangements are the most beneficial for society; they develop as a negotiation of parties with specific, subjective interests. Although this position avoids the totalitarianism of

traditional Western theories of truth and morality, this postmodern stance risks lapsing into a sea of endlessly multiple meanings, and in the end can actually fail to provide a foothold for ideological argumentation. If people make their own meanings and experience different subjective realities, how can a researcher make any statements about the value of particular practices or perspectives? This situation creates a legitimization crisis, as all claims to knowledge lose their authority (Gergen, p. 29).

This problem, however, assumes a dichotomy of traditional, Western, universal truth versus complete subjectivity, implying that knowledge and understanding are produced within the mind of the individual. This is where another advantage of social construction appears: meaning and truth are perceived as an interpersonal social product, not as the result of isolated, individual thought. This perspective is especially appropriate to the analysis of public discourse. Concepts and perceptions circulate through different stakeholder communities, which view potential policy problems and solutions differently. For instance, the thriving economy of the 1990s may be viewed as evidence of successful deregulation, or as a brief period of inflated hopes surrounding the economic promise of the World Wide Web and related technologies. These perceptions also can shift over time, which is why this project chooses to examine discourse longitudinally. For social construction, truth and knowledge are assumed to be situational, or local. Drawing upon Wittgenstein's theory of language games, Gergen (1999) suggests that words do not directly describe an exterior, objective reality, but because they successfully function within a relational context, words can achieve the status of truth according to the

conventions of particular groups (p. 34-5). This speaks to the struggle over meaning that is observable in the public discourse represented by mainstream news. In this paradigm, individuals' perceptions of reality are shaped by language, which helps people comprehend external experience. Language is a social artifact, however, existing within communities of individuals with particular values and goals. Thus, two people may experience similar external conditions but interpret and discuss the situation differently, due to their different communities. One individual's perceptions and description may not be truer than another's, but dominant interpretations do emerge. Locally agreed upon truths, or conceptual systems such as language, structure how people perceive and react to their surroundings (Lakoff & Johnson, 1980, p. 3).

In evaluating a system of accepted truths, such as the value of deregulatory communications policy, the researcher situates herself within a self-acknowledged frame of beliefs, asking what institutions and values are favored or destroyed when these sets of terms are accepted as reality—a stance referred to as “differentiating appraisal” (Gergen, 1999, p. 41). Social construction also stresses the value of reflexivity; especially in the traditionally privileged position of the expert, the researcher constantly must be aware of the subjectivity of her perspective, and the influence of this on her analysis. Like those she observes, the researcher comes from a particular community of beliefs and assumptions. To fail to acknowledge this is to fall back into the paradoxical “god’s-eye” view of the expert.

In these ways, social construction provides a useful perspective from which to view discourse. Words and representations are valued for their contributions to and reflections of local meaning-making—for instance, the frequent practice of calling the Internet “the Information Superhighway” (ISH) has had political and material implications. The reality-shaping nature of language is elucidated by a deconstruction of metaphor—people act according to how they conceive of their surroundings, and many common conceptualizations are evident in everyday language. Metaphorical concepts give only a partial understanding, however, and can extend in some ways but not in others. Thus, the ISH invokes the values of individual freedom and rational efficiency in the image of the open road, and the popularity of this conception has reverberated through media representations of the Internet and manifested in the rhetoric surrounding policy formation.⁷ As Lakoff and Johnson (1980) argue in their analysis of metaphor as a conceptual system, “metaphors partially structure our everyday concepts and...this structure is reflected in our everyday language” (p. 46). The use of particular metaphors and descriptive language is not accidental, but related to a culture’s concern with purposeful ends.

Social construction places great value on the social constitution of meaning and upon the charged nature of language, and this project will employ this perspective by

⁷ A superhighway also refers to a vast public works project, fueled by tremendous government investment. The authors note that the popularity and lack of controversy surrounding the highway program in the US enhances the effectiveness of this metaphor, whereas it would be much less effective in Germany, where some of the first contemporary highways are historically associated with fascism.

focusing on the analysis of texts in several publications, aimed at different audiences. Although this form of analysis has roots in traditionally objective scientific traditions focused on numbers, it has developed into a methodological paradigm that acknowledges the factor of interpretative difference. One of the pioneers of this bridge between quantitative and qualitative paradigms is Klaus Krippendorff. For Krippendorff (1980), the inquiry into the symbolic meaning of media and personal messages can be structured in a scientifically rigorous way, but also can recognize the subjective nature of analysis. Data can be viewed from more than one perspective (p. 22). In support of this premise, the situation surrounding the message being analyzed must be taken into consideration. As Krippendorff argues, “any content analysis must be performed relative to and justified in terms of *the context of the data*” (p. 23).⁸ The concept of *linguaging*, introduced in a 1995 article on design discourse, reinforces the emphasis discourse and social construction approaches place on people’s use of words. “In linguaging, people talk and listen to each other’s voices, acquire their identity, coordinate their behavior relative to each other and produce or reproduce what matters to them, individually and jointly” (Krippendorff, p. 2). The world is constructed through discourse, a social production of meaning that is recursive—as stakeholders reflect their interests through discourse, they propagate particular power structures. Action and structure mutually influence social formations—“organizations not only thrive in a particular discourse, they also conserve themselves in their own terms, live their own ideologies and in turn shape the discourse

⁸ Italics are Krippendorff’s.

they operate in” (Krippendorff, p. 5). Discourse is always produced through social relations and structures, but these structures are altered by and through discourse. In Anthony Giddens’ paradigm (1984), structures are recursive. This is especially useful in the consideration of technological and policy discourses in news media. Although this paradigm of discourse acknowledges the potential for change, it also focuses on the propensities for institutions to preserve themselves and their interests.

Social Construction, Discourse, and Technology

The study of technology has benefited substantially from the social construction perspective; critical perspectives on technology also usefully supplement gaps in this practice. Gergen emphasizes the emancipatory value of this approach, arguing that once people acknowledge their different investments and assumptions, they recognize that there may be better, more beneficial ways of “putting things” (1999, p. 63). In this vein, he values *generative theory*, which can “invite us into new worlds of meaning and action,” making us conscious that accepted conventions need not be the only way of life (p. 116). Generally, this stress on positive alternatives is a refreshing reminder to not lose oneself in endless criticism—technologies may be perceived, designed and regulated in particular ways, but this is not inevitable, and there are always alternatives.

Like scientific knowledge, technology, according to the social construction or SCOT perspective, is not neutral. Culturally dominant narratives refer to technological developments being “discovered” by science, often by a single heroic inventor. This point

of view ignores the social and political factors in technology development, such as the ability of technology design to facilitate certain types of behavior while foreclosing the possibility of other behaviors (MacKenzie & Wajcman, 1999, p. 4). Technical developments are increasingly part of larger systems, such as the automobile and the highway system, or the personal computer and the Internet, and economic, cultural, and political forces influence the shaping of technologies. These systems commonly exist in a naturalized state, so that the values embedded in them are not immediately visible. Technological systems and their socially agreed upon purposes can become seamless, so that “in many instances, to say that some technologies are inherently political is to say that certain widely accepted reasons of practical necessity—especially the need to maintain crucial technological systems as smoothly working entities—have tended to eclipse other sorts of moral and political reasoning” (Winner, 1999, p. 36). Thus, the constructed nature of technologies and their larger systems must be recognized, so that political, economic, and cultural assumptions embedded in the technological design are de-naturalized. Technological development involves a multitude of parties and interests— “a non-determined, multidirectional flux that involves constant negotiation and re-negotiation among and between groups shaping technology”(Bijker, Hughes, & Pinch, 1994, p. 13). One relevant example of this tendency to reify particular technologies is seen in the press surrounding the Internet, which is frequently invoked as naturally free, open, and inherently unregulable.

Technology is shaped by social forces, but this relationship goes both ways. Wiebe Bijker and John Law (1992) emphasize the dynamic heterogeneity of these connections, suggesting that technologies do not naturally evolve in a particular trajectory, but “are subject to contingency as they are passed from figurative hand to hand, and so are shaped and reshaped” (p. 8). Everett Rogers (2003) refers to this process, theorizing that during the process of diffusion and implementation, users can *reinvent* innovations, modifying them to suit the situation. Socio-technical artifacts have *interpretative flexibility*, and can be seen in a variety of ways by groups with differing interests and investments (Bijker & Law, p. 291). A technology will mean different things to different people. In the social construction of technology paradigm, the social and technological are always emergent and heterogeneous, and technologies develop out of these conflicting relationships, only stabilizing if the surrounding relations are likewise stabilized. An example of this process is seen in the shifting definitions of the National Information Infrastructure, which was originally often framed as a technological framework facilitating education. Later, as dominant beliefs about networked public information technologies shifted, commerce became a much more prominent frame, eliding alternative uses, such as education or electronic government.

Resistance to dominant interpretations of technology is likely to continue even after stabilization, as dominant stakeholders may either discredit skeptics, shutting them out of the socio-technical system, or may attempt to *enroll* them into the dominant discourse (Bijker & Law, p. 299). This concept of enrollment has similarities to Gergen’s

theory of collaboration (1999), but whereas Gergen puts less emphasis on unequal power relations, Bijker and Law are more acutely aware of conflict and power imbalances. All three of these frameworks (social construction, discourse analysis, and SCOT) however, are similar in how they consider the relationship between individual agency and structure. Individuals and groups of individuals “are both shaped by and yet help to shape, the context in or with which they are recursively implicated”(Bijker & Law, p. 10). This provides a compromise between over-emphases on social, individual, or technological agency, and also explains the institutional inertia frequently observed in stabilized social organizations. Finally, like Gergen and Krippendorff (1980), Bijker and Law value reflexivity in the researcher. Pressing deconstruction beyond the socio-technical system, the researcher can turn this gaze upon herself, recognizing the constructed nature of her univocality as a researcher.

This research focuses on the public discourse surrounding communications policy during particular moments, assuming that discourse can contribute to the social construction of material conditions. Shifts in policy, such as the radical reduction of government oversight, require that a situation or condition be defined as an alterable and socially, legally, or politically significant issue, and one important site for this process of definition is public discourse. As Joel Best (1995) says, “social problems are what people view as social problems” (p. 4). Although this statement may initially appear simply tautological, it reflects the intellectual history of social construction: discourses shape perceptions of reality, emphasizing certain issues while ignoring others. Social problems

are subjective, and have different implications for different groups, depending upon their interests. The burdensome nature of price and entry regulation is a problem for one group, while it is a non-issue for another, undeserving of any media or policy attention. The solutions to social problems are similarly diverse—while one group may view federal oversight as inefficient and useless, another group might consider regulation as a means for government to protect citizens and consumers. Examination of public discourse can reveal the evolution of particular articulations, such as the perceived necessity of deregulation, and the social construction perspective provides a supporting theoretical basis for this approach.

Project Scope

This section describes the reasoning behind the selection of particular historical moments, and addresses the periods in which media articles were sampled in each of the three cases. Other parameters of the analysis, including the identification of specific stakeholders and the focus on the federal US policy arena are also discussed. The AT&T divestiture, 1996 Telecommunications Act, and period of the exploding new Internet economy were selected as key watershed moments in US telecommunications deregulation. These periods of change offers rich “critical discourse moments,” to borrow from Gamson (1992), when stakeholders and arguments become especially visible in media coverage (p. 26). In the case of the AT&T divestiture, media coverage of a variety of interests--consumer advocates, Congressional representatives, members of

the Justice Department and the Federal Communications Commission (FCC), and private stakeholders such as AT&T and its long distance rivals—represents different arguments surrounding the divestiture decision and ideas concerning the state’s proper role in regulating the market. Research on the AT&T divestiture coverage spans the period between the beginning of 1980 and the end of 1985, in order to study the media discourse leading up to the divestiture decision in 1982, during the actual breakup at the beginning of 1984, and two years of aftermath, and different stakeholders noted the effects of the divestiture.

The media coverage of the negotiations leading up to the passage of the 1996 Telecommunications Act is notable for its extreme scarcity. After the Act’s passage, however, justifications and fears surrounding the extensive deregulation appear in the press, articulated by perhaps a more narrow collection of stakeholders. Media discourse surrounding the 1996 Act and its aftermath focuses mainly comments from the FCC, members of Congress, and industry stakeholders, such as incumbent local telephone companies and cable providers. Fewer consumer advocacy groups are evident in this coverage. News articles on the 1996 Telecommunications Act were sampled between the beginning of 1992 and the end of 1998, although it was discovered that there is little significant discourse on the development of the deregulatory legislation until after its actual passage in February of 1996. The nearly three years of media coverage appearing after the passage, however, provides a rich site of discourse on the role of the state, as government and industry stakeholders are represented responding to the aftermath of the

Act, which includes intense industrial consolidation and continuing lack of competition in local telephone service.

Unlike the AT&T divestiture and the 1996 Telecommunications Act, the new Internet economy period is less focused, with no central watershed moment. Articles for this section of research were sampled between 1992, when the plan for a National Information Infrastructure was proposed, and 2001. This period encompasses the emergence of the Internet stock bubble, which is often associated with the fabled initial public offering of Netscape in 1995, and the dramatic stock market crashes of 2000. Examination of coverage continuing through 2001 provides a view into the post-crash media discourse, as critical frames rose in prominence. As in the previous two cases, the media coverage of the new Internet economy and crash features a variety of stakeholders, including government and industry representatives. Public interest groups become especially visible in the coverage following the 2000 crash, as assumptions about the virtues of deregulation are more openly questioned than before.

Beyond identifying dominant and receding discourses represented in media coverage surrounding these policy moments, this analysis also notes the patterns of stakeholder appearances, and significant linkages between particular discourses and sponsoring stakeholders. Primary telecommunications policy stakeholders—parties directly interested in the regulation of telecommunications and the Internet, and related industries—include members of different branches of government, representatives of prominent companies, consumers, and public interest groups. Traditional media sources,

including newspapers and magazines, are also directly implicated as stakeholders and are especially powerful in their ability to promulgate particular policy agendas in public discourse.

As noted above, news coverage can assist in creating the perception of particular problems as issues needing to be addressed, and affect the perception of certain solutions (Best, 1989). Policymakers are aware of this strength, and can sometimes attempt to use the press as a tool to promote particular articulations of policy problems and solutions (Cook, 1989). A broad example of this can be seen in the coverage following the 1996 Act, where discourses highly critical of government involvement flourished. During this period, the only significant examples of discourse applauding the state for its role in effectively protecting consumers and serving the public interest are directly linked to FCC Chairman Reed Hundt, who emerges as a prominent stakeholder in this coverage. Frames critical of government intervention rose in frequency after the Act's passage, promoted by a broad range of industry actors and government representatives themselves. The primary frames portraying government involvement in a more positive light can be linked to a single, albeit very prominent individual--Hundt, head of the beleaguered FCC, who, significantly, is not joined by any other stakeholders. In this way, it has been important to note patterns of stakeholder visibility, one indication of stakeholders' success in mobilizing particular frames in public discourse. Stakeholders' repeated appearances can show how accomplished they are in making their perspectives part of the public discourse.

Although globalizing processes are frequently characteristic of information societies, this project will focus on the articulations of the information society within the United States. As the birthplace of the Internet and as an aggressive proponent of telecommunications deregulation worldwide, the US has played a key role in the global shifts that characterize the communications policy of the twentieth and twenty-first centuries. This project will study the discursive formation of information and telecommunications policy within the US, looking at how these processes of deregulation, privatization, and commercialization became dominant in national policy. Scholars such as Ronald Bettig (1997), Edward Herman and Robert McChesney (1997), and Dan Schiller (1999) identify the US as the origin of the deregulatory fervor that has affected national communication networks across the globe, and this research examines how policy stances encouraging deregulation, privatization, and commercialization become dominant in US public discourse, edging out alternative policy options.

Applied Research Methods

This section describes the methods used for selecting and analyzing articles from major news media outlets, intended to represent public discourse. General methods used for document selection and analysis will be explained here, and discussion of specific document retrieval and coding category creation will follow in future chapters, preceding each case's analysis. This project examines information society issues in four nationwide media outlets—*The New York Times*, *US News and World Report*, *Newsweek*, and *Wired*.

These media outlets were chosen for both their commonality as nationwide media publications and for their diversity as outlets with distinct intended audiences. While the *New York Times* is typically considered to be the traditional standard of national press discourse, *Newsweek* and *US News and World Report* are perhaps more accessible to the general population, often with briefer, less complex articles. *Wired*, meanwhile, is designed to appeal to a relatively narrow demographic, with content focusing on cultural, political, and social implications of developments in information technology.

Historical demographic data from Mediamark shows that the *New York Times* daily edition has claimed an elite audience over the years: In 1985, over 53 percent are college graduates, and nearly 20 percent have a household income of \$75,000 or more per year. In the same year, *Newsweek* claims a readership of 31 percent college graduates and 7.8 percent of readers with an income at or exceeding \$75,000 a year. *US News and World Report* claims an audience fairly similar to that of *Newsweek*, in which 30.8 percent are college graduates and 8.8 percent enjoy a yearly household income above \$75,000.⁹ While the *New York Times* represents an elite audience in terms of education and income, *Newsweek* and *US News and World Report* audiences are less likely to be high-earning college graduates. These trends continue in later audience data.¹⁰ *Wired* represents the discourse of the information society elite itself, focusing on the triumphs of the new economy of the 1990s while often taking a critical position in regard to efforts at

⁹ Information is from Fall 1985 survey by Mediamark, and is provided by Mergerstat.

¹⁰ Table 1 shows the number of articles retrieved per year by publication. Tables 2-4 provide information on these three publications' audience demographics from the years 1985, 1992, and 2000, during different periods when news articles were sampled.

regulation. It claims a much smaller but significantly more elite audience than the other three publications, in terms of education and income. According to 2005 data, over 75% of *Wired* readers have graduated college, and over 85% claim yearly household incomes exceeding \$100,000.¹¹

Public discourse can be defined in a variety of ways, including political debates, television talk shows, and speech in public meetings and community web sites. This research has chosen to identify these news publications as representations of public discourse because of their widespread circulation and public visibility.¹² While public discourse occurs in many different settings, national media discourse, as Gamson observes, can be viewed as “a good reflection of the whole” (1992, p. 27). Gitlin (2003), Tuchman (1978), Gamson (1992), and others have theorized the influence of media discourses on public perception and reaction, as discussed above. As Gamson notes, although individuals draw upon a variety of sources to form opinions, mass media is still significant in that it can define and limit the terms of debate surrounding an issue. This ability to frame issues is bolstered by the ubiquity of these widely circulated mainstream news publications. *Wired*, while lacking the broad public exposure of the three other publications, is significant in its ability to represent the zeitgeist of the 1990s Internet era,

¹¹ This information is from the magazine’s website. Historical information on *Wired Magazine*’s audience demographics is unavailable.

¹² In 2006, Newsweek reported a weekly readership of 19,676,000, US News and World Report, also a weekly, claimed a circulation of 11,046,000, and the *New York Times* daily edition claimed a smaller but still significant readership of 4,974,000. *Wired*, while reporting a much more limited audience of 611,283 in 2006, is significant in terms of its cultural visibility as an icon of the new Internet economy since its early days of publication.

and the fevered interest surrounding emerging information technologies and the skyrocketing new economy.

Each of these four publications has nationwide distribution and is created for a national, not local, audience. Although examining coverage in regional media also would be rewarding, it is beyond the scope of the current project. Likewise, this analysis is limited to print media that has been electronically indexed, making the actual task of sampling and retrieval more manageable. Finally, these four publications are commercial products, seeking income through both advertising and subscription revenue. While non-profit or non-advertising supported media also would provide a fruitful field for research into the articulation of issues surrounding the late twentieth century information society, this analysis intends to focus on the discourses deployed by dominant media entities in the US, and these are all commercial.

This project's research method relies upon a combination of the reflexive, qualitative analysis of documents, and grounded theory. Broadly, the research required the electronic retrieval of relevant documents from these four publications, based on particular search terms. These texts were analyzed in order to establish discursive themes. Relevant articles, retrieved mostly through online database queries, were collectively and individually studied with the intention of identifying specific meaning while also constructing historical context. According to Altheide (1996), document analysis allows the researcher to situate symbolic meaning in context, and also to "track the process of its creation and influence on social definitions" so that "understanding [can] emerge through

detailed investigation” (p. 12). Instead of grouping texts by pre-established coding categories, the researcher repeatedly studied the texts, looking for discursive patterns. Certain representations of role of the state and the new economy were identified as appearing repeatedly, and from these recurring representations the researcher created tentative categories. The resilience of the emerging categories was continually tested against new data, relying on *constant comparative method*.¹³ As new information was collected from document analysis, categories were constantly evaluated and if necessary, new categories were created. Once basic categories were established, the researcher reviewed the texts a second, third and fourth time, continually noting variations within broader framing categories through the use of color-coding and memoranda. In this way, the researcher created categories and sub-categories of discursive representations while also noting historical contexts and the development of patterns over time. Like Altheide’s articulation of content analysis, this research is oriented toward the development of concepts and emergent data analysis, and also remains concerned with the generation of hypotheses as a foundation for theory, a characteristic that this research borrows from grounded theory (Altheide, p. 17).

This project focuses on two research questions. First, how did the role of the state shift in public discourse surrounding the AT&T divestiture and the 1996 Telecommunications Act? This initial question, which occupies the fourth and fifth chapters of this dissertation, suggests that as deregulation became more prominent as a

¹³ This research method is attributed to the 1967 publication of *The Discovery of Grounded Theory: Strategies for Qualitative Research* by B.G. Glaser and A. L. Strauss.

policy option, dominant conceptualizations of the role of the government may have shifted in public discourse. The second question addresses the Internet boom of the 1990s. During this period of euphoric investment and commercialization, how does surrounding press discuss the new economy, discursively reinforcing the trend of deregulation by connecting economic growth to market-led regulation? This question, which frames the sixth chapter, is concerned with how the emerging commercial Internet and related industries were discursively established as unregulable, due to technological and economic reasons. Detailed descriptions of the terms and parameters employed in the database searches are included in the fourth, fifth, and sixth chapters that respectively address the AT&T divestiture, the 1996 Telecommunications Act, and the new Internet economy. This section is limited to a more general description of methods used in coding and discursive document analysis.

News articles in *US News and World Report*, *Newsweek*, and the *New York Times* were gathered for the analysis of public discourse surrounding the AT&T divestiture. *Wired*, which did not appear until 1992, was included in the searches focused on the 1996 Telecommunications Act and the Internet economy. Search terms included “AT&T” and “American Telephone and Telegraph;” “Telecommunications Act,” “telecom act,” and “telecommunications deregulation;” and “Internet and regulation” or “Internet and policy.” Searches within the *New York Times*, *Newsweek*, and *US News and World Report* were limited to articles with these terms appearing in the headline or lead paragraph. The online database of *Wired* articles only did full-text searches, and each

retrieved *Wired* article was then read to establish whether or not the search terms appeared prominently. Because of the high volume of articles retrieved in the searches on AT&T and Internet regulation, *New York Times* coverage was generally limited to stories appearing on the first page of any section. Searches on AT&T between 1980 and 1985 revealed 452 articles in the *New York Times*, 76 articles in *Newsweek*, and 120 articles in *US News and World Report*. Fewer articles were located in searches of coverage of the 1996 Telecommunications Act, between the years 1992 and 1998: There were 352 articles in the *New York Times* in this period, appearing on all pages, 13 articles in *Newsweek*, 22 articles in *US News and World Report* and 22 articles in *Wired*. Searches on Internet regulation or policy revealed 570 articles in the *New York Times*, 78 articles in *Newsweek*, 74 articles in *US News and World Report*, and 32 articles in *Wired*.

Once articles matching the relevant search terms and time periods were retrieved, each was read repeatedly, with the intention of inductively creating a qualitative scheme of coding. Discourses explicitly or implicitly articulating roles of the state were identified in press coverage surrounding the AT&T divestiture and 1996 Telecommunications Act. Coding of articles on the new Internet economy focused on how regulation of the Internet was presented, and identifying economically related arguments for or against particular forms of Internet regulation. The coverage was read in chronological order several times, and potential discursive themes and sub-themes were noted. The magnitude of specific themes was established using several criteria, including the use of quotations from “sponsors” of a particular perspective, as well as the length of the coverage and the

location of discursive themes within each article. Potential links between discourses and particular stakeholders were identified and recorded in memos, as were broader longitudinal trends.¹⁴

Lindlof (1995) describes the process of coding, stating, “the purposes of qualitative coding are to tag segments of interest and to look for ways to categorize action or talk that will lead to inductive proposition” (p. 221). Because qualitative document analysis often depends upon a single reflexive researcher, the issue of calculating intercoder reliability does not occupy the primary position it does in quantitative content analysis. Interpretation of texts is assumed to be subjective, and issues of reliability and validity are approached through techniques of researcher reflexivity, analytic memo writing, constant comparative analysis and negative case analysis, in which cases contradicting current hypotheses are located and examined, so that the hypotheses may be appropriately modified. New data are considered in terms of data already grouped in similar categories, to constantly assure “goodness of fit” (Lindlof, p. 223). Evidence is examined repeatedly, and new categories and sub-categories emerge from this constant comparison, while internal consistency remains an overall goal. The researcher develops hypothetical links between categories and data, but these links must be constantly re-evaluated in terms of new data. If aspects of the new data do not mesh with the researcher’s hypothesis, the hypothesis must be continually revised to account for all new incoming data. Thus, if a certain discursive trend emerges during document analysis,

¹⁴ An outline of primary discourses for each chapter can be found in tables 5-7.

material contradicting this apparent trend must be addressed and the description of the trend revised or expanded to include this new data. This technique of negative case analysis promotes validity in interpretation.

Conclusions

By examining the public discourse surrounding different historical moments of change in US telecommunications policy, this research studies the mechanisms by which discourse shifts over time. This assumes that discourse, the ways in which events and issues are discussed, is implicated in a complex relationship with materially historic factors such as industry formation and economic circumstances. Discourse, while not having a directly causal relationship with policy formation, can contribute to conditions conducive to particular policy trends, as certain policy options rise on the public agenda. Discourse in turn is shaped by changing material, historic conditions, such as the intense industrial consolidation following the 1996 Act, or the stock crash of 2000. This research examines this recursive connection, looking at how discourse changes over time in relation to different circumstances. In this way, the method described here is linked to grounded theory, tracking the development of discourse across coded categories and during several related historical events, while allowing themes to inductively emerge.

Together, the three research chapters of the project will trace the trends of deregulation, privatization and commercialization in media discourse, focusing on the shifting role of the state and the discursive linkages between Internet regulation and the

nurturance of the new technology economy. The research seeks to reveal how certain policy options are actively disputed in media coverage, or fade away, while others are given prominence as potential solutions. It explores the discursive strategies that may contribute to the promotion of particular ideas, and the shifts that occur within certain enduring discourses over time. This analysis can illuminate the interaction between different discourses and the eventual dominance of certain ideas as the deregulatory paradigm described in chapter one took hold in public discourse. The policy trend towards deregulation and privatization in the communication and information sectors often has been represented as inevitable, even natural. This project focuses on ways in which particular policy trends were promoted in public discourse through a variety of stakeholders, encouraging certain sets of assumptions while eliding others, and contributing to the social construction of particular views of reality. The project investigates how these policy trends developed and maintained dominance in public discourse, sometimes in the face of considerable resistance and discursive struggle. Study of mainstream media coverage is one way to examine this process.

The research has been accomplished through a qualitative document analysis based on the inductive process that is promoted in the methods of grounded theory. During repeated readings, the research identified recurring discursive themes, noting variations and longitudinal trends in research memos. Examining trends helps to show how particular sets of assumptions and beliefs dominated in public discourse over time, making certain articulations of policy problems and solutions more available than others.

While public discourse is only one element in the larger ecosystems of public opinion and policy formation, it is significant in its ability to limit the terms of debate and support the visibility of particular values, assumptions, and paths of action, while eliding others.

Before moving on to the actual analysis of public discourse surrounding key policy moments, this project looks at prominent scholarly commentary on regulatory trends in the information society. This helps contextualize the trends described in following chapters and also foregrounds some of the alternative discourses which are weak or absent in media coverage, such as certain conceptualizations of the public interest requiring active, protective state regulation. The next chapter examines some of the primary critical literature on information society policy, focusing on analyses of telecommunications deregulation and processes of privatization as well as studying the varying articulations of the public interest. Drawing upon information society scholars such as Vincent Mosco (1996), and Manuel Castells (1996) as well as policy analysts such as Patricia Aufderheide (1999) and Robert Horwitz (1991), this chapter reviews some key arguments surrounding the information society and its regulatory trends. Additionally, this chapter examines analysis of the rhetoric and values underlying these trends of deregulation, privatization, and commercialization, drawing upon the work of James Aune (2001) and George Lakoff (2002).

CHAPTER THREE: THEORETICAL FRAMEWORKS

This project examines the construction of policy issues in the mainstream media, focusing on coverage of deregulatory trends in US telecommunications. Study of public discourse surrounding key regulatory moments can illuminate how particular conceptualizations become more available than others, potentially creating an environment conducive to certain policy trends, such as ongoing deregulation. Drawing on Todd Gitlin (2003), Gaye Tuchman (1978), and others, this research assumes that media discourse matters by not only reflecting dominant ideas but also by influencing the parameters of common sense and accepted beliefs. Through the selective use of frames, public discourse contributes to the dynamic interaction that comprises the continuous social construction of reality (Gergen, 1999). The previous chapter addresses these theoretical frameworks that underlie the project's research method, discussing the significance of public discourse, frames, and agenda setting, as well as explaining practical, inductive methods of qualitative document analysis. The following three chapters go on to look at how these key regulatory moments were packaged in public discourse, focusing on how the role of the state shifted over time and how considerations of the economy figured in arguments surrounding the regulation of the Internet.

Before embarking on this analysis, however, this third chapter reviews some of the primary scholarship on deregulatory trends and shifting articulations of the public interest, a concept often implicitly or explicitly invoked in discourse about regulation, in policy circles as well as in mass media coverage. Although this project is primarily

concerned with public discourse surrounding issues of deregulation, it is useful to first review theories on the actual phenomenon of deregulation as a policy trend. First, drawing upon Robert Horwitz (1991), Thomas Streeter (1987; 1996), Patricia Aufderheide (1999) and others, this chapter examines some scholarly perspectives on deregulatory trends, including the changing definitions of the public interest. These sections also briefly discuss how the results of the present research relate to theories of deregulation. Second, the chapter moves on to review key research on regulation and discourse, focusing on analyses that address the deployment of discourse in the media.¹⁵

Regulatory Responses to the Information Society

Theories describing the growth of an information society in the US have developed in economics and communication literature during the latter half of the twentieth century. As conceptualizations of the information society differ, so do proposed policy responses. This section will examine policy formation surrounding information and communication issues, giving special attention to analyses of deregulation, the dominant contemporary trend. Early information society studies such as those of Fritz Machlup (1962) and Marc Porat (1977) pointed to the changing composition of the work force, as many jobs became increasingly information-centered. Daniel Bell (1983) suggested that the economy was becoming *postindustrial*, fundamentally shifting from dominant

¹⁵ Although there is also a significant body of work analyzing discourse *within* policy circles, focusing on policy documents and the creation of interpretative communities through discourse, the present chapter is limited to discussions involving policy-focused *media* discourse, which is the topic of this research project.

agricultural and manufacturing sectors to a dominant information and service sector. One of the primary reasons cited by Bell for studying the information society was the need to form clear policies in regard to state involvement, information management, and intellectual property. In his analysis, Bell presupposed some amount of government participation in the market of information, but generally limited this to the state's role in encouraging the private sector—for instance, through the legislation of stronger intellectual property laws. Since the early 1980s, deregulatory trends suggest that this aspect of Bell's vision--the state's role as promoting and facilitating commercial enterprise—is fairly accurate. Modes of state regulation have changed considerably since the founding of regulatory agencies such as the Federal Communications Commission, or FCC, and this has led to a redefinition of the public interest. Whereas this phrase was previously used to justify state interference in private business, the public interest is now more frequently articulated in terms of a reduced state role in infrastructural industries, so that the public interest is equated with the interests of business.

A variety of definitions of the public interest have been deployed in the policymaking process, and this is a primary rationale for government intervention in private trade. To investigate this slippery phrase, it is useful to look at the history surrounding the FCC's public interest mandate. During the late nineteenth century, government construction and maintenance of the country's infrastructure, such as the telegraph and telephone lines and the railroad, was accomplished mostly through judicial activism and the exercising of eminent domain law and the creation of franchises

(Horwitz, 1989, p. 9). Once trade infrastructure was established, businesses were encouraged to take risks and reap profits, but this *laissez-faire* regime eventually led to what Horwitz refers to as a “general crisis of social control” (p. 9). This crisis led to the first major wave of regulatory agencies, founded in the Progressive Era in order to deal with general matters of monopoly and competition. The business sphere was no longer as separate from the state as it had been in the middle of the nineteenth century. During this period of new regulation spanning from the 1910s to the 1960s, new major corporations such as AT&T rose to prominence, and the public interest became defined in terms of corporate capitalism and stable markets, a move away from nineteenth century notions of the public interest as in abstract moral values (Streeter, 1996, p. 47). The public interest was understood to lie in the state’s promotion of a profitable and predictable economy, “the notion of governmental responsibility to create conditions for a healthy business that can serve a broad range of consumers” (Aufderheide, 1999, p. 13). While the government might create conditions for a thriving business sector, it was then up to individual entrepreneurs to take advantage of the opportunities offered by strong markets. This sense of bootstrapping is characteristic of the classical liberal tradition, which emphasizes personal agency and accountability, and the concepts of independence and individual responsibility are key components of the deregulatory paradigm described in the following analysis of public discourse.

The right of the government to regulate private industry in the public interest is grounded in the commerce clause of the Constitution, which allows the government to

regulate commercial activity among states and between the US and other nations (Horwitz, 1989, p. 12-13). In the interest of creating stable conditions for a thriving national economy, the government can intervene in the formation and functioning of infrastructural industries, which include telecommunication, transportation, utilities, and money (Horwitz, p. 11). These infrastructures are necessary for a complex economy, connecting different regional economies and allowing a national economy to exist and creating stability for large corporations, which were rising on the US economic scene by the late nineteenth century. Streeter (1996) refers to this arrangement as *corporate liberalism*, the reconciliation of competing individual interests with goals of social stability and order within a historically specific “ideological and political economic framework” (p. 33). In this system, representatives of corporate industry are viewed as actively desiring and requesting state interference, to create the stability and predictability necessary for a large corporate enterprise. As Secretary of Commerce in the 1920s, Herbert Hoover attempted to adapt the principles of liberalism, freedom of the market and individual, with the new industrial conditions occasioned by the rise of large corporations and reduced competition, bringing the term “public interest” to broadcast regulation (Streeter, p. 43). Although Hoover saw the need for state oversight of privately held communication infrastructure, Streeter suggests that he did not view the public interest as paramount. The public interest, while a constant concern, was placed among other competing interests including that of capital and labor, and the goal of government regulation was the avoidance of any single interest which would result in the extremes of

fascism, socialism, or overgrown state bureaucracy (Streeter, 1996, p. 42-3). In this way, state regulation of communications infrastructure is not solely in the public interest, but is meant to serve capitalist interests as well.

Horwitz (1989) connects state oversight with more than just establishment and maintenance of core infrastructures, finding that telecommunication regulation in the US has been based on additional principles of fairness and equity (p. 13). These principles, which were translated into goals of universal, efficient telephone service, justified both the protection of AT&T as a monopolistic corporate structure, and ongoing state oversight in the form of rate-of return-regulation. Although universal service was touted as a primary rationale for this arrangement, it was never fully achieved, due in part to the unwillingness of AT&T to create telephone infrastructure in unprofitable rural areas. Similarly, state regulation of broadcasting was justified on the basis of the airwaves as public domain, with the state assuring that private use of the airwaves would be in the public interest, allowing the circulation of ideas. Goals of social equity are connected with broader notions of civil freedoms, such as freedom of speech and ideas, which Horwitz links to a capitalist market orientation. While the separation of the state from the private realm of ideas was essential to the creation of a public sphere, centralized mass communication complicates this relationship, illustrating the tension between liberalism, which requires private markets without state interference, and democracy. The centralization of mass communication, such as broadcasting, required the state to take steps to ensure that the public sphere of ideas retained democratic principles, such as the

freedom for diversity of ideas among citizens (Horwitz, p. 15). At the same time, these citizens were transformed into consumers under the corporate liberal model, facilitating the transition from “public interest” referring to rights of democratic participants in a political system to “public interest” referring primarily to the concerns of consumers. In the media coverage examined for this research, the state is sometimes constructed as rightfully protecting consumers. However, this discourse is often countered by news frames that portray deregulated markets as capable of providing superior consumer protection through natural market responses.

Critics frequently argue that communication industry regulation is vital to the preservation of democracy and informed public discourse, and these concepts are often conflated with the public interest. Although structural regulation of the broadcast media under the Federal Communications Commission was justified in the 1934 Communications Act as a matter of stewardship of a scarce public resource, the airwaves, in the “public interest, convenience, and necessity,” American communication policy is traceable to principles of free commerce (Horwitz, 1989). As an important tool of commercial activity, the telecommunications system must be monitored and kept healthy and active, in the interest of a thriving national economy. The protection and cultivation of the marketplace is connected with the principles of civic freedoms in that the marketplace is traditionally viewed as both a site of trafficking in commodities and in speech and ideas. The connection Horwitz makes between a commercially-focused sense of the public interest and broader civic freedoms helps historically situate the frequent

contemporary conflation of free market policies with the public interest, both in the U.S. and globally.

The concept of the public interest is related to the liberal political tradition, characterized by broad individual rights to free expression and the centrality of the marketplace of products and ideas, free from government interference. The private sphere of commerce is important as a site of uncensored political criticism and debate, where citizens can exchange ideas and comment freely on government without fear of retaliation from their state. In this way, deregulation can be theoretically linked to the sovereignty of the individual citizen. If free markets are connected to civic freedoms, then it is easier to understand the current near-unanimity over deregulation—the positive associations of deregulation can attract coalitions of diverse interests who can agree on this definition of the public interest in a thriving marketplace. In the current era, this connection between civic freedoms and free markets is largely rhetorical. Market led regulation is constructed as a means to liberate both consumers and producers, but the “freedom” of consumers is in the form of increased opportunities to consume, not traditional civic freedoms.¹⁶ Additionally, scholars of political economy point out that the deregulation of communication industries has not led to a competitive information marketplace, but has instead led to corporate consolidation (McChesney 2004; Bagdikian 2004; Mosco 1996; Aufderheide 1999; Schiller 1999.)

¹⁶ In fact, it can be argued that as the market is increasingly deregulated with the lifting of traditional cross-ownership and concentration restrictions, consumers have actually been subject to a curtailment of traditional civil liberties, such as freedom of expression and privacy.

The dominant free market paradigm of the information society also is related to the definitions of information as a valuable good, for public or private interests. As information is commodified, it becomes part of the private marketplace, a resource to be exploited by enterprising private interests. A variety of information society scholars have discussed the ways in which information is transformed into a commodity, but these analyses do not fully consider the potential of information as a public good (Mosco 1996; Schiller 1999; Castells 1996; Gandy 1989). Benjamin Bates (1988) addresses the ancillary value of information goods, and his analysis illuminates the relation between information as a resource and as a commodity. Bates distinguishes between ancillary private value and ancillary public, or social value, largely through the example of education. In public schooling, the state substantially underwrites the transmission of knowledge, and this investment results in a larger social good, benefiting not only the individual students, but also society as a whole. The public sector is much more likely to devote investment to pursuits with ancillary social value, and without state involvement, these goods would be under-produced in that the private sector would not adequately supply goods of ancillary social value. Public markets are better for ensuring efficient distribution and access to information because they take social ancillary value into account.

Bates notes that the U.S. is especially moving towards the privatization of information markets, and voices his disagreement with this trajectory: “With potentially significant portions of its value external to the market, information production,

distribution, and consumption in private marketplaces will not be truly economically efficient or generate maximum social welfare.” In Bates’ opinion, the larger social good is not served by the deregulation and privatization of information industries and infrastructures. As discussed above, however, deregulation can be linked to liberal conceptions of individual liberties. A significant portion of the public discourse examined for this project promotes this policy stance as beneficial to the greater social and economic order. Before studying the operation of these frames in public discourse, however, it is useful to look at some prominent theoretical explanations of deregulation, which are explored below.

Explanations for Deregulation

There is a general agreement among many principal communication and policy scholars that the role of the state has shifted considerably in the last few decades, so that deregulation is a significant trend (Horwitz 1989; Aufderheide 1999; Schiller 1999; Castells 1996; Mosco 1988). Traditionally in US telecommunications policy, the state has been viewed as a protector of consumers’ and citizens’ interests. Historically, state regulation of crucial infrastructures including communications is rooted in the attempt to provide stable, nationwide networks within an economic system based upon private property. The state-regulated monopoly AT&T provided the advantages of monopolistic ownership structures, streamlining interconnections and discouraging inefficient duplication of infrastructure (Horwitz, p. 152). State oversight was meant to protect

against the traditional dangers of monopolies, such as price-gouging, while encouraging an ideal of universal accessibility. Other communications networks, such as broadcasting, were brought under federal regulation due to spectrum scarcity—because the broadcast spectrum was viewed as a limited public resource, the 1927 Radio Act created the Federal Radio Commission, or FRC, to act as a steward of the public interest, preventing private parties from taking unfair advantage of this public good (Horwitz, p. 119).

Despite an economic system based on private ownership, state intervention was considered justified in certain infrastructural industries (Horwitz, p. 13). Regulation was intended to protect the public interest, but over time definitions of the public interest as well as technological circumstances shifted, justifying changes in the regulatory role of the state. The public interest has been increasingly equated with the interest of business, and traditional concerns such as affordable access and media diversity have largely faded, allegedly addressed by the market. This section explores reasons for deregulation, and looks at explanations for why this movement to dramatically reduce the state's role has accelerated during the past three decades. Also, this section looks at which institutions may have benefited from the diminishment of the state's traditional role in communications policy.

There are a variety of explanations for the rising dominance of deregulation as a successful communications policy solution, and some of these ideas will be explored in this section. The current trend of deregulation, the reduction of the state's traditional role of overseeing and sometimes intervening in infrastructural industries, has accumulated a

variety of supporters, from private business to the regulatory bodies themselves.

Deregulation acted as a lightning rod for a wide spectrum of ideologies in the 1970s, from free market economists to liberal political activists unhappy with traditional state regulation (Horwitz 1989; Aufderheide 1999). Several theories behind deregulation and the reduction of the traditional role of the state will be explored here, including the widespread dissatisfaction with regulatory bodies in the 1960s and 1970s, technological innovation, the growing strength of the private communications sector, and the reduced position of the nation-state in the contemporary information society. While some policy analyses understand deregulation as a trend driven by multiple factors and coalitions of stakeholders (Aufderheide 1999; Horwitz 1989; Streeter 1996), other existing literature focuses on specific forces encouraging a reduction of traditional regulatory roles, such as the increased influence of private firms, usually multi-national corporations. (Schiller 1999; Herman & McChesney, 1997).

Deregulation also has been addressed with explanations more internal to the policy arena. Regulatory agencies are sometimes described as “captured” by the industries they were intended to regulate. This use of capture theory is a common justification for the rising tide of support for deregulation (Horwitz, 1989). In this scenario regulatory agencies such as the FCC are founded with the intention of policing communications industries, but as time passes, this aggressive stance fades and is replaced by an intention to “manage” the industries, maintaining positive relationships with private firms. This shift and increasing reliance on precedent is assumed to produce

a slow, heavily bureaucratic regulatory framework that tends to favor the very industries it is supposed to regulate. “The implication of capture theory is that a captured agency *systematically* favors the private interests of regulated parties and *systematically* ignores the public interest” (Horwitz, p. 29).¹⁷ Horwitz finds capture theory inadequately historical in its explanation of regulatory activity, although he acknowledges its historical popularity as a justification of deregulatory goals. This conceptualization of traditional state regulation as inefficient and self-serving has appealed to diverse populations, from political liberals to liberal market economists and academic policy analysts, and has assisted in forming broad coalitions to support deregulatory strategies (Horwitz 1989; Aufderheide 1999). This effort to roll back the regulatory powers of supposedly captured agencies is ironic, however, in that it was often accompanied by an appeal to free market economics. Agencies were criticized for becoming the confederates of industry, but industry was looked to as a means of better regulating the economy. As Aufderheide notes, “a common rallying point was the goal of getting politics out of an economic process” (p. 4). Deregulation was seen as a multi-faceted solution, one that appealed to a variety of stakeholders. This construction of the state as bloated, inefficient, and self-serving appears regularly in the public discourse surveyed for this project, peaking in the media coverage following the passage of the 1996 Act. In contrast, the deregulated market is frequently idealized in coverage as an environment promoting efficiency and responsiveness to consumers, ruling by the principle of survival of the fittest.

¹⁷ Italics are Horwitz’s.

Another frequent justification for reduced state oversight in infrastructural communications industries has been technological innovation. As spectrum use became more efficient, the concept of the broadcast spectrum as a scarce resource became more difficult to support. Likewise, the introduction of communications networks outside of AT&T, such as MCI's microwave service, supported the argument that AT&T's cross-subsidy arrangement was no longer viable (Aufderheide 1999; Horwitz 1989). Technological innovation had provided alternatives to AT&T's regulated monopoly, so that competition could be encouraged in the telephone market. These arguments also rely on the assumption that competition is beneficial to the users of communication infrastructure, and this will be addressed at greater length below.

While Horwitz and Aufderheide acknowledge that the argument of technological progress has been a significant contributor to the deregulatory trend, both suggest that it is one factor among many. Other analyses focus more strongly on technology as a driving force behind regulatory action. Early theorizations of the information society suggested that technological innovation had produced an explosion of knowledge, so that stronger national policy was needed to properly manage this dramatic increase in networked information (Bell, 1983). Another influential work from this period, Ithiel de Sola Pool's *Technologies of Freedom* (1983), suggested that the ongoing technological convergence occurring in the communications infrastructure was endangered by ongoing traditional state oversight. Technological innovations were making traditional regulation outdated and unnecessary.

Later scholarship, such as Manuel Castell's (1996) work on the network society, suggests that technological advancement has made state oversight increasingly difficult. For Castells, the emerging network society is based on the interaction between new information technology development and society's efforts to adapt to innovations, so that technological improvements are generally made to serve dominant interests (p. 52). He identifies the ways in which technology is made to reinforce traditional power structures and capitalist interests, while suggesting that the role of the state has shifted in order to adapt to these new technological capabilities. "The global integration of financial markets since the early 1980s, made possible by new information technologies, had a dramatic impact on the growing disassociation of capital flows from national economies" (Castells, p. 85). For Castells and others (Schiller 1999; Bettig 1997), the primary beneficiary of this process has been multi-national firms, whose scope transcends that of the nation state. While Schiller, Bettig, and others focus on the economic and political power of the private companies who benefit from deregulation, Castells emphasizes the "technology revolution" that laid the path for these changes (p. 1). This sense of inevitability and technological determinism is characteristic of his description of the emerging network society and its power dynamics—technological progress is presented as an unalterable driving force behind processes of advanced capitalism and globalization, so that the reduced role of the state appears as an inevitable response. This technologically determinist discourse is apparent in all three of the periods studied in this research project, but is perhaps the most visible in the news coverage surrounding Internet

regulation. One of the chief arguments deployed against regulation invokes the Internet's freewheeling, inherently unregulable nature. Another closely related argument suggests that the new possibilities of digital media delivery make regulation of traditional media industries unnecessary due to this emerging competition. In one case, the Internet is framed as impossible to regulate due to its technological design, and in the other case, the technological advances of media delivery on the Internet are used as reasons to deregulate traditional media systems.

Other readings of the role of the state in the information society place a great deal of emphasis on the power of private firms in shaping regulatory policy. In some cases, shifts in state roles are seen as necessary for continued political legitimacy—as the global economy becomes more important, states' interests become aligned with those of private companies in their geopolitical domain (Schiller 1999; Castells 1996). Deregulation is viewed as a tool for strengthening domestically based companies on the global market, as national market strength is identified with political success. Generally, private firms are identified as primary supporters of deregulatory policy, although this support is by no means monolithic. Firms in regulated industries have sometimes been very resistant to deregulation, not wanting to disrupt a stable and predictable market arrangement (Horwitz 1989; Aufderheide 1999; Schiller 1999).

On a broad level, the recent shifts in state roles are associated with the rising forces of advanced capitalism. Multi-national corporations have been among the first to take advantage of networking technologies, creating a level of global economic activity

that transcends traditional state boundaries. Castells (1996) refers to the concept of *flow*, a powerful global dynamic that ties nations and economies together and is made possible through advanced information networking. Suggesting that individual nations and regions are vulnerable to changes in this flow, Castells argues that the national governments must encourage companies based on their soil to compete successfully in the global marketplace, ideally bringing profits back to the home country. The relative success of national firms in the global economy is seen by Castells as a “major legitimizing force” for governments (p. 87). Thus, in order to preserve a position of political leadership and national sovereignty, the state brings its interests into alignment with that of major national and international industries. In this way, global economic pressures are presented as a primary force behind shifts in state roles and deregulation. While the public discourse observed in this research does not explicitly articulate this legitimating function, global competition is frequently invoked as a primary reason for regulation. In the period surrounding the AT&T divestiture, Japan is mentioned as a potential threat to American companies’ dominance in communication technology; deregulation is discursively positioned as a means to encourage innovation and efficiency in US firms. Later, in the months after the stock crash of 2000, representatives of private industry argue that deregulation is the best route to rejuvenating the economy and maintaining global competitiveness.

While Castells presents this scenario of contemporary nation-states acting to preserve their legitimacy, scholars of political economy focus on the manipulations of

corporations themselves. Drawing upon Jessop's concept of the *hegemonic project*, Ronald Bettig (1997) suggests that "the revision of communications law and regulations is part of the larger hegemonic project of the capitalist class to restructure global capitalism, since communication technologies and products are increasingly central to this system" (p. 144).¹⁸ The traditional role of the state as regulator of commerce, independent of the private sector, is contradictory to the conditions of a growing international capitalist system. Bettig states, "The autonomy of the state runs up against the pressures and limits imposed by the logic of capital" (p. 145). Large corporations have outgrown their national boundaries, so that there is less allegiance to any sense of national public interest, while there is increasing pressure on national governments to make regulation more favorable to private firms.

Schiller (1999) identifies two aspects of this "neo-liberal networking drive": First, multi-national corporations have ambitiously upgraded telecommunication systems, often at individual consumers' expense, and second, industries have demanded the repeal of traditional regulations, to help them achieve global success (p. 2). "Power users" of information networks are given greater favor and advantage, while the traditional goal of equitable service is abandoned. Like Horwitz (1989), Schiller emphasizes the intensely political nature of this policy change. Whereas Castells (1996) positions these deregulatory trends as the inevitable result of technological advances and global

¹⁸ Jessop's theory draws upon Antonio Gramsci's conceptualization of hegemony, which is articulated in the collection of writings known as the *Prison Notebooks*, composed between 1929 and 1935.

economic flows, Schiller and Bettig (1997) both identify industry interests as a direct motivator of deregulation. This recognition of private industry's influence in the policy arena is important, although both Bettig and Schiller border on reductionism in their assertions of corporate-designed deregulation, not fully acknowledging the multiplicity of forces at work in policy formation. Streeter (1996), referring to the environment of corporate liberalism surrounding broadcast policy, notes "administrative neutrality and expertise are political prerequisites of procorporate decisions. If there is going to be a government intervention on the industry's behalf, it must be done in such a way that at least suggests the presence of neutral principles and expert decision making, that is, some independence from corporate interests" (p. 120). Thus, it may not even be in corporations' interests to engage in the wholesale takeover described by Bettig and Schiller. In Aufderheide's analysis of the 1996 Telecommunications Act (1999), a policymaking endeavor that resulted in broad deregulation of communication industries, she notes that industry interests were neither the sole non-government representatives in the development of the Act, nor did the communications industries act in concert. "[L]obbyists for communications and mass media interests profoundly influenced, and often drafted, legislation but were in competition with each other and at the mercy of fast-changing political processes, including pressure occasionally brought by nonprofit organizations and coalitions that took advantage of the moment" (p. 43).

In many of these analyses, the state is seen as willingly giving up its traditional oversight role, and instead aligning itself with the interests of industry. Deregulation

occurs under a variety of corporate pressures, and the state bows to these pressures for several reasons. These include the necessity of garnering election money and the structural dependency of the state upon capital (Bettig, 1997) and the need for continued legitimacy through success in the global economy (Castells 1996; Schiller 1999). Who is assumed to benefit from these shifts in the role of the state? Where is the public interest assumed to be in these deregulatory scenarios? Political economists such as Bettig and Schiller find that the true beneficiaries are clearly the multi-national corporations, not states or their constituents. Likewise, Castells finds that the main interests served by recent regulatory shifts has been that of “the very actors of techno-economic transformation: high technology firms and financial corporations” (p. 85). These entities are now the primary players in the emerging global information society, and their considerable economic power increasingly supersedes traditional state authority. States benefit from deregulatory strategies in that national economic success in the global marketplace is equated with public and national interests.

Focusing on the variety of factors behind communications policy, Mosco (1996) notes that there is no such thing as true deregulation. Instead, he recognizes both state led regulation and market led regulation, so that “[e]liminating state regulation is not deregulation but, most likely, expanding market regulation” (p. 201). This supports the argument made by Aufderheide (1999), Horwitz (1989), Donald Case (1998) and others that deregulation, and policy creation in general, is a political process made up of multiple competing interests. Deregulation is not neutral—by stepping back or otherwise

shifting its traditional oversight role, the state creates space for the market interest to insert itself. Bettig (1997), Schiller, and Case (1998) provide specific examples of this process, describing the influential participation of corporate interests in policymaking such as the 1996 Telecommunications Act.

Mosco's debunking of deregulation as a neutral and solely subtractive process demonstrates that the language used to describe these shifts in state power matters. Aufderheide (1999) explores the fluid nature of the public interest, noting that for market liberals, the public interest "came to be associated with deregulated markets, competition, and consumer choice, with many expecting that consumer choice would derive automatically from the freeing of markets" (Aufderheide, citing J. Keane, p. 24). Ultimately, the public interest and the right of the state to regulate has been located in the promotion of commerce (Aufderheide 1999; Streeter 1996; Horwitz 1989.) Horwitz situates the state's authority to regulate in the commerce clause of the Constitution, suggesting that "state intervention in infrastructure industries generally has meant the creation of a national trading area where goods and services can circulate freely" (p. 12). Certain industries, such as broadcasting and telephony, functioned more efficiently and stably as monopolies, but state oversight ostensibly prevented the abuses of power associated with monopolistic structures. Principles more popularly associated with serving the public interest, such as universal service and nondiscrimination, were justified as means of expanding the marketplace, assuring open communication (Horwitz, p. 13-4). Streeter (1996), in his analysis of the policies behind the creation of the US

broadcasting market, calls this position “corporate liberalism.” The role of the state was to create stable conditions conducive to the formation and success of large firms and expanding markets. Referring to this historical role, Horwitz asks, “is deregulation, then, a gross betrayal of public interest, a strategy on the part of capital to reappropriate the power it once lost to democratic reforms?” (p. 5) Bettig, Schiller, Mosco, and other critical perspectives would unhesitatingly say yes.

The role of the state and the public interest has shifted both politically and discursively. Traditional justifications for state oversight of infrastructural industries have been discarded, so that government regulation is frequently considered inefficient and outmoded. A variety of explanations lies behind this shift, including technological advances, the capture of state agencies by industry, accumulating dissatisfaction with government regulation, and globalization. These reasons have been explored in the scholarship reviewed above, and variations of these themes appear in the public discourse that is this project’s primary object of study. This research intends to add to this scholarship on deregulation by focusing on the public discourse that surrounds key moments of policy shifts. Horwitz, Streeter, and Aufderheide recognize the power and fluidity of language, especially in terms of the construction of universal service or the public interest, but none of them fully addresses the public discourse surrounding regulatory issues.

The next section of this chapter addresses the ways in which policy discourse appearing in the mass media has been studied and theorized, drawing upon the work of

Henry Kubicek and William H. Dutton (1997), Donald Case (1998), George Lakoff (2002), and James Aune (2001). Kubicek, Dutton and Case examine policy documents and press coverage surrounding two key ideas in the US information society. Kubicek and Dutton discuss the discourse surrounding the Information Superhighway, a popular metaphor of the early 1990s. Case similarly draws upon discourse from both media coverage and policy circles to study the National Information Infrastructure. Lakoff and Aune both study public discourses surrounding regulatory issues, Aune focusing specifically on rhetoric that valorizes the free market, justifying increasing deregulation. Lakoff's project is broader, as he describes liberal and conservative paradigms of US political discourse, arguing that conservative values and assumptions have been more effectively deployed in public discourse in recent years. Lakoff specifically examines discourse supporting deregulatory trends, describing the moral values implied by this discourse. Each of these scholarly analyses is significant to this project, drawing attention to the discursive struggles and negotiations surrounding policy shifts. The present project adds to this body of research by providing a systematic, empirical investigation of trends in public discourse and relations between material circumstances and ascendant frames, while analyzing the primary characteristics of the deregulatory paradigm that is currently dominant in US public discourse as represented in selected popular press coverage. Grounded study of the public discourse surrounding policy issues can provide insight into the longitudinal relationships between frames, showing how discursive struggles occurred

in the press as the concept of the public interest was renegotiated, and particular frames and broader discourses rose in prominence while others faded.

Discourse and Policy

Kubicek and Dutton (1997) investigate the metaphorical aspects of discourse surrounding the Information Superhighway, also noting the importance of cultural resonance in successful discourses. Metaphor has occupied a substantial role in the press and policy discourse surrounding the Information Superhighway, or ISH. This term was popular in the early 1990s, describing a rather ambiguous notion of a national information network. Kubicek and Dutton explore why this phrase became popular at a particular time, tracking the metaphor's career in the context of technological and economic developments in the US and Europe. The authors suggest that the ISH "crystallized many issues surrounding telecommunications infrastructures into a simple concept that could be readily understood by non-specialists" (p. 11). The ISH was a strategic metaphor in policy discourse, referring to the construction of superhighways in the 1950s, a popular example of cooperation between federal, private, and state interests that carried positive connotations. The open road appealed to an American sensibility, implying individual freedom and exploration. Kubicek and Dutton emphasize the mobilizing nature of this metaphor, but also recognize that specific actions in the Clinton administration, such as the Agenda for Action produced by the Information Infrastructure Task Force in 1993 brought substance to the concept. Although media and policy

discourse is a major part of the authors' study, they recognize that political, technological, and economic circumstances also contributed to the conditions for mobilization around this particular discourse.

The cultural specificity of language and metaphor is underscored by the comparison of the ISH concept in Europe, versus its career in the US. The European Union issued a report recommending liberalization of information networks, stressing the need for maintaining global competitiveness. Rather than referring to the ISH, however, the EU chose to refer to information and communication technology adoption in terms of an Information Society. The authors note that this phrasing would have been unlikely to have a career in the US, due to potential negative connotations of the Johnson administration's Great Society programs. In comparing the European and US efforts to establish information networks and policy, Kubicek and Dutton note "historically anchored social, cultural, and administrative traditions often mean that the same issue has a somewhat different meaning and solution across national and regional boundaries"(1997, p. 31). The cultural resonances of discourse are significant, and can help determine the success of particular discourses. The authors note that stakeholders' ideas about technologies and uses develop through discourse, finding that "these belief systems are socially constructed in that they develop through discussion about the future of ICTs [information and communication technologies] and the economy. Nevertheless, they limit the discretion and shape the strategic choices of governments" (p. 27). In the

shaping of the ISH, discourse transmitted in media and policy circles can influence the choices and possibilities perceived by the public, as well as by policy actors.

In another example of research on discourse and policy, Donald Case (1998) uses discourse analysis to explain how assumptions about the NII were shaped over time, looking at both media coverage and policy documents. Case separates discourse along two axes. The first of these is promotion of public led development versus market led development of the NII, and the second described promotional versus restrictive attitudes towards the NII, as evidenced in policy stakeholders' discourse.¹⁹ Case defines policy discourse as encompassing both government reports and journalism, assuming both expert and general audiences. Elite sources and opinion leaders are a main concern in Case's study, which samples discourse by selecting particular spokespeople, based upon rates of citation. Case notes that coverage of the NII increased dramatically in 1992, and discourses about what the infrastructure could do for the American people became popular. Whereas the original actors invested in the NII issue were primarily futurists, telecommunication agencies, and government officials, by 1992 noncommercial stakeholders became involved, perhaps attracted to the public enthusiasm of the Clinton administration. Case notes, "various public interest groups adopted the Information Superhighway as an umbrella to tie together various concerns," resulting in new type of policy environment for telecommunication policy. This analysis demonstrates the value of longitudinal study, a quality pursued by the present research. By looking at the

¹⁹ Case credits William Dutton for this two-dimensional model.

changing constellation of stakeholders and dominant discourses over time, temporary periods of apparent stability can be better understood. Longitudinal research can reveal the ways in which dominant ways of thinking rise on the public agenda, achieving dominance at the expense of other, alternative discourses. The typology used by Case is troubling, however, in that the two dimensional nature seems restrictive, not showing stakeholder opinions which may combine public interest and market led ideologies. The ambiguous but charged notion of the public interest, here apparently referring to issues of universal service and access, is not fully explored. In view of Horwitz's argument (1989) that public interest is founded in commerce, the implied definition of public interest in Case's study is problematic. Despite its restrictive typology, this analysis of the discourse surrounding the NII shows the broad range of interests which coalesced around this issue in the early 1990s, showing how the implicit ambiguity of the NII concept allowed different perspectives to get behind the issue.

Lakoff (2002) and Aune (2001) both critically investigate the implications of dominant free market discourse in the US, albeit in very different ways. While Aune concentrates on the rhetoric of academic analyses, business periodicals, and political speech, Lakoff uses a cognitive linguistics approach to more generally analyze public discourse surrounding political issues, focusing on implied moral paradigms. Lakoff and Aune both assume that arguments in favor of the free, unregulated market are dominant and largely unchallenged in contemporary public discourse, a condition they attribute to a lack of nuanced public political debate exploring the moral and material implications of

this dominant paradigm. Both scholars are relevant to the present project in that they explicitly deconstruct and denaturalize discourses surrounding the free market, emphasizing the significance of language. Additionally, the themes Aune and Lakoff identify in their analyses of the discursive constructions of the free market appear repeatedly in the media coverage examined for this research project, as part of a deregulatory paradigm and representing sets of assumptions associated with support of market regulation. These include the reification of the free market as a natural and inevitable phenomenon, the construction of unregulated markets as obviously beneficial for both consumers and industry, and construction of government intervention as artificial and damaging to the public interest.

Aune refers to the contemporary “economic correctness” of dominant deregulatory discourses, arguing that the rhetoric of the free market must be critically deconstructed (2001, p. 3). One of the primary underlying assumptions he identifies in free market discourse is a sense of inevitability. Aune observes that the transition to an information society is often framed as inescapable, and as a precursor to reduced government intervention. This technologically determinist tone of this free market belief echoes the arguments of Manuel Castells (1996), who similarly finds that the inevitable spread of information networks will necessitate an altered, reduced role of government. Aune describes this discourse of inevitability, stating, “It is widely argued in libertarian and even more mainstream business journals that the Internet not only will create an integrated global market but also will radically reduce taxation and social services,

eventually making government itself obsolete”(p. 10). The reduction or even elimination of traditional government intervention is positioned as a natural corollary to the rise of an information society. This belief helps to naturalize the inevitability of market regulation, which is associated here with technological advances.

Lakoff (2002) suggests that the reduction or elimination of government oversight fits in with a larger moral framework, which assumes that that a free, unregulated market is a natural component of a morally upright society. Analyzing public political discourse, Lakoff seeks to construct broad moral paradigms generally representative of liberal and conservative perspectives in the United States. He alludes to the discursive and political dominance of the conservative paradigm, which favors market regulation and minimal consumer protection. Describing the underlying metaphorical frameworks of conservative political discourse, Lakoff argues that this perspective assumes that the natural state of the world is fiercely competitive, and that moral character is built through hardship and competition. The free market ideally rewards hard work and self-discipline and punishes inefficiency and moral weakness, and this environment of unhindered competition is absolutely necessary for the development of moral character. Lakoff states, “It is through competition that we discover who is moral, that is, who has been properly self-disciplined and therefore deserves success, and who is fit enough to survive and even thrive in a difficult world” (p. 68). According to these assumptions, those who succeed in commerce have proven their moral character and should be rewarded, while those companies that fail are seen as morally weak and undeserving. The unregulated

market is framed as naturally harsh and fiercely competitive, and this coincides with the natural moral order, which is conceptualized as a meritocracy.

This association of the free market with an inevitable natural order is especially visible in the press coverage of the AT&T divestiture and the 1996 Telecommunications Act. Media discourse during these two periods often characterizes the newly deregulated markets as jungles, fights, or bloodbaths, frequently using Darwinian language of natural selection. As in the moral order described by Lakoff, companies that succeed are assumed to have a right to their prosperity and market power, because they have proven themselves superior to other, less successful companies. The tumultuous markets that follow the divestiture and the 1996 legislation are heralded in this media discourse as examples of the creative destruction that is assumed to be necessary to the processes of advanced capitalism. In this way, stock volatility, intense consolidation, and industrial “shake-outs” are viewed as inevitable and ultimately beneficial, eliminating inferior competitors.

According to the analyses of Aune and Lakoff, the free market is commonly constructed in political discourse as natural and inevitable, either due to an inherent moral order or to the inescapable advances of technology, another theme frequently appearing in the present research. In contrast, government intervention is presented as unnecessary and dangerous, and in Lakoff’s model, immoral. Aune argues that the government has become a popular scapegoat in free market discourse, and government efforts to intervene in the market are constructed as futile and potentially harmful. Efforts to

enforce consumer protections and other forms of regulation are portrayed as well intentioned but ultimately unpredictable in their results—a frame that Aune refers to as the “perverse-effect doctrine”(2001, p. 26). According to this frame, any attempts by the government to intervene in the natural market processes will result in unintended, negative consequences (p. 28). This portrayal of the government as an unnatural, harmful influence on market processes occurs frequently in the public discourse examined for this project. This discourse peaks during the aftermath of the 1996 Telecommunications Act, when allusions to the government in media coverage are markedly hostile, characterizing government agencies and actions as dangerously bumbling, obstructing the natural progress associated with market regulation.

In the moral framework described by Lakoff, government intervention in the market is viewed as fundamentally unnatural—a violation of the moral order, which associates commercial success with moral strength and authority. Lakoff suggests that in these conservative discourses, the government is seen as attempting to exercise illegitimate authority, not truly understanding the needs of its constituents. In this paradigm, government interference in the market disrupts the open competition needed to weed out the weak and reward the morally strong. Lakoff (2002) states, “Rewards given to those who have not earned them through competition are thus immoral. They violate the entire system. They remove the incentive to become self-disciplined...” (p. 68). Subsidies, for instance, are viewed as contributing to moral delinquency and dependence. Constraints on competition are also constructed as immoral and artificial, because they

distort the natural selection that results in the survival of the fittest. Companies must be encouraged to pursue their own self-interest, enduring competition and cultivating self-discipline and self-denial. This construction of the government is highly visible in the press coverage of the AT&T divestiture and 1996 Telecommunications Act as deregulation is discursively linked to competition, a goal associated with technological innovation and new opportunities to consume, as well with as lower prices. Government attempts at intervention are frequently represented as obstacles to these benefits—one particularly pointed example of this occurs in coverage following the 1996 Act, as the Federal Communications Commission is repeatedly lambasted for inappropriately constraining the local Bell companies, ultimately delaying the construction of broadband infrastructure.

Aune observes that free market discourse represents the market as a universal solution. He suggests that rational choice theory, which underlies the majority of free market rhetoric, assumes that “in the absence of evil things such as government intervention, there should always be efficient, wealth-maximizing outcomes” (2001, p. 23). Deregulation promises a “glorious and open future” which will be universally beneficial (p. 31). In the paradigm described by Aune, the public interest is fluid and negotiable, and not the responsibility of the government, except when embodied by wise government policies of non-intervention. Because “deriving an unforced consensus about the public good” is fundamentally impossible, calls for government regulation are actually just attempts by “special interests” to gain “special favors” (p. 46). Free market

policies are portrayed as best serving consumers, a discourse that is especially strong in the media discourses surrounding the AT&T divestiture, where press coverage promised a plethora of options and advantages for consumers, brought about by the wonders of competition. In Lakoff's conservative moral paradigm, the free market is similarly viewed as beneficial, but for broader reasons. The competition that is assumed to naturally result from unregulated markets is necessary to support the moral order, and the companies that succeed in dominating the market are assumed to be the most innovative, providing the best service.

The work of Lakoff and Aune is useful to this project in that both analyses deconstruct some of the key assumptions of the deregulatory paradigm. These include the perception of government intervention as harmful and inefficient, the strong association of deregulated markets with competition, and the belief that free markets ultimately result in the success of only the best companies. Like Lakoff and Aune, this research takes a critical stance towards these embedded assumptions, and seeks to denaturalize them. Lakoff and Aune focus on political, professional, and academic discourse on regulatory issues, and the project presented here adds to this research by providing an empirical study of popular public discourse during key policy moments, tracing the rise and fall of particular frames and elaborating on the development of a dominant deregulatory paradigm.

Conclusions

Deregulation has accelerated rapidly in the past thirty years, accompanied by a redefining of the role of the state and the public interest. Aufderheide (1999), Horwitz (1989), Mosco (1996), and Streeter (1996) discuss the development of deregulation as a policy trend, describing the relationship between the interests of the market and the public interest. The idea of the free market protected from government intervention has roots in liberal theory, and for the first several decades of the twentieth century, the US government sought to balance the interests of consumers, industry, and labor. Horwitz notes that traditional regulation is based upon the promotion of commerce in a stable market environment, and historically this has included active government intervention. The deregulatory movement of recent decades is premised upon a variety of assumptions, including the need to remove government politics from the policy process. Schiller (1999) argues that industry, in fact, has been at the center of the government policy process, pressing for greater freedom in order to produce higher profits, even at the cost of ordinary consumers. Deregulation has been hailed as the path to competition, technological progress, and a stronger national economy, and as the state recedes from its regulatory role, traditional conceptualizations of the public interest are abandoned. The redefined public interest is conflated with the interests of the market, which do not adequately address traditional issues of affordable access and fair competition. Mosco notes that the deregulatory process is often portrayed as simply the removal of government intervention and argues that this is inaccurate in that it ignores market led

regulation, which grows as the state's position recedes. Although the present project is chiefly concerned with discursive trends in media coverage, the scholarly analyses reviewed in the current chapter better contextualize public discourse, and, by discussing a variety of perspectives on deregulation, demonstrate where gaps may occur.

Policy issues, such as deregulation, are constructed through discourse. Henry Kubicek and William H. Dutton, Donald Case, George Lakoff, and James Aune focus on the discursive patterns surrounding policy issues. Lakoff and Aune deconstruct the rhetoric of deregulation and the free market, observing the discursive strategies that have the effect of promoting this position in academic and government policy discourse, and in different arenas of public discourse, such as political speeches. Market regulation is often discussed in terms of inevitability, inept government intervention, and the moral justice of unrestrained competition. The present project contributes to this previous research on discourse and policy by providing a systematic, empirical study of public discourse, focusing on trends in media coverage of policy issues and investigating the discursive tactics used in support of the market led regulatory paradigm.

This project draws upon a variety of theoretical frameworks, and these have been described in the last two chapters. The project's research method was discussed in chapter two, which focused on inductive discourse analysis and social construction, and also described the actual processes of systematic research employed in this project, including the selection of publications to represent public discourse, sampling of press coverage and the identification and coding of dominant discourses. These methods will

be further detailed in the following three chapters, which will address the use of particular search terms and the retrieval of articles for each research topic.

The following chapter studies the public discourse surrounding the AT&T divestiture, identifying different ways in which the state and state intervention are framed between the years of 1980 and 1985. The fifth chapter focuses on the discursive construction of the role of the state in the media coverage of the 1996 Telecommunications Act, examining articles published between 1992 and 1998. Studying the public discourse surrounding these two watershed moments in deregulation, these chapters trace the shifting conceptualizations of the state's role over time as material conditions changed. These chapters also discuss different aspects of a broad deregulatory paradigm in public discourse, examining how different components become visible or recede over time. These sub-discourses include the construction of government interference as ineffective or harmful and an assumed natural connection between deregulation and increased competition. The sixth chapter addresses public discourse on regulation and privatization, focusing on the new Internet economy of the 1990s, and asks how the booming economy is implicated in discourse surrounding Internet regulation. In doing so, this chapter further explores the discursive connection between market regulation and economic prosperity, which falters as the new economy crashes in 2000. Finally, the seventh chapter synthesizes these observations and discusses how this research adds to existing analyses of discourse and policy.

CHAPTER FOUR: THE AT&T DIVESTITURE

The divestiture of the American Telephone and Telegraph Company is a watershed moment in US telecommunications regulation and was widely covered in the press. Public discourse during this period reveals many hopes associated with the divestiture and accompanying deregulation, including anticipation of accelerated technological innovation, increased global competitiveness, and lower telephone rates. Media coverage of the divestiture also portrays a strong sense of anxiety surrounding the divestiture, as various stakeholders warned of astronomical price increases, anticompetitive behavior, and falling service quality.

This chapter addresses different ways that the government is framed in public discourse surrounding the AT&T divestiture, looking at media coverage between the years of 1980 and 1985 and examining how certain views of government and regulation rose in dominance over time, while others faded. Specifically, the chapter focuses on the discursive strategies that have the effect of promoting a market led regulatory paradigm in public discourse and overshadow or neutralize competing frames of the role of the state.²⁰ Tracing the shifting roles of the government in the press can show how dominant conceptualizations of the state and its role changed over time, as deregulation rose on the

²⁰ As discussed in the first chapter, I use the term “market led” to refer to a regulatory paradigm that opposes government intervention in the market, but is also distinct from self-regulation. The market led paradigm is associated with a *laissez-faire* approach to economics and regulation, and is characterized by broad faith in the powers of the market—Adam Smith’s “invisible hand”—to govern issues of pricing and concentration of market power. In this model, government intervention is viewed as unnecessary and inappropriate, potentially causing harm by interfering in the natural market system.

public agenda as a policy choice. The media coverage of the divestiture both reflects and propagates certain assumptions about the rightful place of government in relation to the market and consumers, and the analysis presented in this chapter investigates these assumptions and their implications.

This analysis of media coverage of the AT&T divestiture demonstrates how certain conceptualizations of government involvement were highlighted, while others faded or never even appeared. The chapter also investigates different aspects of the market led paradigm in public discourse, looking at how certain sets of assumptions, like Gamson's issue packages (1988), coalesce over time. Evidence demonstrates the conflation of deregulation with competition, and the portrayal of government involvement as an obstacle to natural economic progress. Building upon the work of George Lakoff (2002) and James Aune, (2001) this analysis finds that the market led regulatory paradigm often prevails over competing discourses of regulation through a variety of discursive strategies. These include constructions of the free market as a natural, inevitable state, leading to lower prices and technological innovation.

In the public discourse surrounding the divestiture, the government is framed in several key roles. Especially in the earlier years of media coverage, government representatives and agencies are portrayed as protectors of the public interest, attempting to defend universal service policies, shield consumers from rate increases, and judiciously oversee private industry, forestalling anticompetitive behavior. This portrayal of the state protecting traditional conceptualizations of the public interest appears most

often in the years leading up to actual breakup in 1984. In addition to this discourse portraying the state as a rightful protector and regulator, there is also a highly visible discourse that voices anxieties associated with deregulation and the breakup. Articles representing these fears peak in volume in the months directly before the divestiture, and continue throughout its aftermath. The removal of state oversight is associated in this discourse with higher prices, declining service, and widespread confusion. While government representatives are sometimes shown directly addressing these fears, this association of government with the protection of the public interest fades in later coverage. Finally, the third and most dominant primary discourse in the divestiture period frames state regulation as distorting the free market with unnecessary and sometimes harmful intervention in industry. Media coverage falling into this category tends to glorify deregulation as the path to perfect, unfettered competition, which is associated with a variety of benefits including reduced prices and greater consumer choice, as well as a stronger national economy. This discourse on the many virtues of deregulation is highly visible before, during, and after the divestiture, although the primary advantages of deregulation are articulated differently over time. This chapter examines how this discourse of market led regulation maintains its influence over time, despite strong competing discourses that frame the government as an appropriate regulator or frame the divestiture and associated deregulation as foolish and risky. Discourse promoting deregulation remains resilient in the face of these alternative frames by portraying government regulation as an inappropriate intervention in the natural processes of the

market. In addition, the market led discourse addresses fears associated with deregulation by representing this policy option as an inevitable development and sign of inherent progress. Rising rates, industry turmoil, and consumer confusion, primary complaints appearing in the anxiety discourse, are treated as unavoidable inconveniences to be encountered during the necessary and ultimately beneficial transition to a deregulated market.

Organization

Before exploring the dominant discourses surrounding the divestiture, this chapter briefly reviews the historical context of the divestiture and some of the key moments that appear in press coverage. This is followed by a discussion of specific research methods, including the selection of search terms and the procedures used to sample media articles. The main body of the chapter is organized thematically, focusing on the three central discourses of government appearing in the media coverage and tracing the career of each discourse over time. The second section addresses coverage framing government regulation of the market as necessary for ensuring competition and protecting the interests of consumers. This general frame is most visible in pre-divestiture period, between 1980 and the beginning of 1984. In these articles, the public interest is presented in traditional terms, similar to those described by Horwitz (1989) and Streeter (1996) in the previous chapter: The government is portrayed as an active regulator, necessarily intervening in the market in order to preserve a stable, predictable environment for

commerce and guard against the exploitation of consumers. While earlier stories from the pre-settlement period focus on the government's role in promoting competition, later press primarily frames government representatives fighting rate increases and attempting to preserve traditional universal service standards.

The third section of this chapter examines the fears associated with deregulation, focusing on articles that address the concerns voiced by consumers, market analysts, industry representatives, and members of government. In this general discourse the government is framed, explicitly or implicitly, as foolish for pursuing deregulation and divestiture. While many of these stories do not specifically call for government intervention, they all frame the breakup as a risky proposition, potentially resulting in astronomical rates and declining service quality. This discourse of anxiety rises sharply during the settlement period between 1982 and 1983, and continues to be fairly strong in the post-divestiture period, as different stakeholders evaluate the actual outcome of the breakup and accompanying deregulation.

The fourth section of the chapter examines discourse that criticizes the traditional regulatory role of the state, instead framing government intervention as uselessly obstructing the natural processes of the market. News stories in this category tend to praise deregulation, associating lack of government oversight with increased competition, technological advances, and a stronger national position in the global economy. Discourse elevating deregulation in this way is highly visible in all three of the periods studied for this project, appearing in the press surrounding the AT&T divestiture, the

1996 Telecommunications Act, and the new Internet economy of the 1990s. This research investigates the construction of this market led regulatory paradigm, which has proven to be extremely resilient over time despite industry turmoil and economic setbacks occurring during all three periods. While the media coverage examined in these three chapters often celebrates deregulation as highly beneficial and economically progressive, this analysis argues that this deregulatory paradigm also works to discursively absorb anxieties associated with market-led regulation by openly acknowledging deregulation's darker side—including violent industry shake-ups and rising rates—but framing these negative associations as inevitable and ultimately preferable to government intervention. Fears surrounding market led regulation are enrolled into a pro-market discourse and re-contextualized as components of the larger, generally beneficial market process. The market is constructed as a challenging environment, operating according to the principle of survival of the fittest. Although market logic may be harsh, it ultimately is credited with creating more savvy consumers and efficient, innovative companies. The tribulations of the market—including rising telephone bills and industry upheaval—are naturalized as either temporary inconveniences or as painful conditions that are ultimately outweighed by the free market's promised benefits, which will eventually emerge over time. This discursive strategy has the effect of reinforcing the market led regulatory paradigm, directly addressing the fears and criticism surrounding deregulation and neutralizing them. The discursive process described here may help to explain the

continued strength of free market discourse, despite significant accompanying coverage critical of deregulatory choices.

These public discourses on government during the AT&T divestiture period are described in summary here, with more nuanced discussion of specific frames and longitudinal variations appearing in the second, third, and fourth sections of the chapter. These sections also address the ways in which the public interest is constructed in different frames, as dominant articulations of the role of government shift over time. Before continuing with the analysis, the historical context of the divestiture is briefly explored below, followed by a short discussion of specific research methods employed for the sampling of media discourse.

Historical Context

While deregulation was already underway in the airline and trucking industries, strong debate surrounded the issue of telephone deregulation in the early 1980s. President Carter had supported some reduction of regulatory oversight during the 1970s, and representatives of the Reagan Administration were even more outspoken in their desire to promote free market commerce, with minimal government interference. The Reagan Administration brought several key proponents of deregulation to the stage, including William Baxter, chief of the anti-trust division of the Department of Justice, and Mark Fowler, head of the Federal Communications Commission. Despite these pro-deregulatory influences in the new presidential administration, there was still a strong

sense of uncertainty surrounding the deregulation of the telephone network, and this is evident in the press discourse of this period.

AT&T, affectionately known as Ma Bell, enjoyed a government-regulated monopoly over most local and long distance telephone service in the US for most of the twentieth century. Subject to rate-of-return regulation, the company was to provide affordable local telephone service, which it did through the regional Bell operating companies, or RBOCs. Local service rates were kept low through a system of cross-subsidies, with the inflated revenues from long distance service and from businesses supporting local operations. The goal of this strategy was to provide citizens with universal service so that the vast majority of households might afford a telephone connection. AT&T received steady income from its monopoly, but was prohibited from entering the computing industry and from offering enhanced telephone services, despite its own Bell Labs inventing the transistor in the 1950s. As the computing industry developed, AT&T became increasingly dissatisfied with this restriction.

In the 1960s, companies such as MCI began offering new, microwave-based long distance service, primarily serving large corporations anxious to cut their high long distance bills. This competition was allowed despite AT&T's protests.²¹ In 1974, the

²¹ The FCC approved MCI's application to provide specialized long distance service in August 1969. AT&T unsuccessfully appealed the FCC's decision, and in 1971, the Commission issued a Specialized Common Carrier decision, creating a national policy allowing open entry into specialized common carrier markets serving private lines. In 1978 and 1981, US Court of Appeals rulings broadened this policy, stating that MCI and other specialized common carriers could not be restricted to private line service, and

Department of Justice initiated an antitrust suit against AT&T, accusing the company of anticompetitive behavior and finally seeking to break up its huge monopoly. The suit continued into the 1980s, as members of Congress and the FCC sought ways to allow AT&T to enter the computing industry, perhaps through a single subsidiary “Baby Bell.” Negotiations between different branches of government and AT&T continued for years, until a breakthrough settlement that occurred in early 1982. Under the settlement deal overseen by Judge Harold Greene, AT&T agreed to divest itself of its 22 RBOCs, which were converted into seven regional telephone holding companies known popularly as the Baby Bells. These consolidated RBOCs continued to be restricted, protected monopolies providing local dial tone while AT&T was free to pursue interests in computing and remained the largest provider of long distance service in the US, despite mounting competition.

With AT&T and the Baby Bells separated, however, local service could no longer be subsidized with long distance revenues, leading to fears of rapidly increasing local rates and the demise of universal service. The FCC proposed adding a new flat rate access fee to residential and business telephone bills in order to supplement the RBOCs’ income, and bring local rates into line with actual costs. This proposed access charge received a great deal of press coverage as certain members of Congress protested and

obligating AT&T and its regional operating companies to allow other long distance carriers to interconnect with local networks.

attempted to pass legislation to eliminate the charge, or at least considerably delay it.²² In addition, the General Accounting Office (GAO) produced a report in 1983 criticizing the FCC's plans and suggested that many consumers might have to drop their service. Eventually, the access fee was reduced and postponed until June 1985. This conflict over rising rates and the emotionally laden debates over the relative merits and disadvantages of dismantling the venerable Ma Bell company inspired a flurry of coverage that peaks in 1983, directly before the actual divestiture which occurred on January 1, 1984. These characteristics make the AT&T breakup an excellent example of a critical discourse moment in US telecommunications policy. Competing definitions of the public interest and the proper role of government were asserted in public discourse by a variety of stakeholders, including representatives of consumer advocacy groups, members of Congress, the FCC and Department of Justice, and representatives of private industry. This chapter explores the development of this discourse, tracing the careers of principal frames and investigating the development of a deregulatory paradigm of discourse that celebrated the free market as natural and desirable, despite fears of industry turmoil and the endangered welfare of consumers. These shifts in public discourse reveal changing beliefs about the role of government in preserving traditional social goods such as broad access to communication networks, as deregulation became increasingly dominant as a policy option. While these shifts in public discourse cannot be directly linked to changes

²² Long distance carriers were also asked to pay an access charge to connect to local networks and support local telephone companies, and although this charge is mentioned occasionally, it receives much less coverage.

in policy, this research assumes that that discourse matters, and can contribute to conditions conducive to particular policy trends, limiting certain policy options in public discourse while promoting others.

Methods

To carry out this study, articles were sampled from three mainstream sources of news including two weekly newsmagazines, *Newsweek* and *US News and World Report*, and one national newspaper, the *New York Times*. Searches were carried out on the Lexis-Nexis electronic database, which contains substantial full text archives of these publications. Instead of searching selectively for articles covering the antitrust trial and divestiture, search terms were based on the company's name. This was done in order to capture articles using synonyms, such as "breakup" or "split," to describe the divestiture. Initial searches experimented with variations of the company's name, settling on "AT&T" and "American Telephone and Telegraph," which were terms that appeared to generate the greatest number of relevant articles. Searches in all three publications were limited to articles with appropriate search terms appearing in the headline or lead paragraph, in an attempt to winnow out stories with only tangential mentions of the company.

Initial searches in the *New York Times* revealed 1520 articles between 1980 and 1985 mentioning AT&T in the headline or lead paragraph. Within this initial selection, a search was performed for articles appearing on page one of any section of the newspaper.

This secondary search resulted in just over 450 articles, making the analysis more manageable in scope. Also, by focusing on page one stories, the search attempted to ensure that the selection would represent what would be considered as the principal stories. Searches of *Newsweek* revealed 76 articles appearing between 1980 and 1985, and searches of *US News and World Report* resulted in 120 articles from this time period. Generally, the volume of articles in these three publications peaks during the middle years of the search, decreasing in 1985.

After these articles were selected and retrieved, each was read repeatedly, looking for principal stakeholders and spokespeople and primary frames of the government and its role. Articles that were irrelevant to AT&T and regulatory options were eliminated.²³ During the process of re-reading and note taking, the researcher identified three primary discursive categories: First, the government is framed appropriately protecting traditional conceptions of the public interest, such as universal service, in the pre-divestiture period. Second, after the 1982 settlement, the government is increasingly framed as an unnecessary source of regulation. While some of these articles vilify the government and its attempts at interfering with the marketplace, many of the articles in this category focus primarily on the varied promises of deregulation, implying that this is far superior to government intervention. A third principal discourse identified in this selection of articles is one of anxiety, describing the many pitfalls of reduced government oversight. Frames

²³ Examples of these eliminated articles include stories focused exclusively on the architectural attributes of the AT&T building in New York City, or brief mentions of AT&T's planned sponsorship of the torch for the Olympic Games.

in this category peak in the period directly before the breakup but remain strong in the post-divestiture period. These three basic discursive categories emerged through inductive analysis of the retrieved documents and while some articles clearly fit into only one of these three general categories, in many cases the articles represented multiple discourses, citing a variety of stakeholders although usually focusing on just two or three. Variations also exist within each category—for instance, in cases where government is framed as a protector of consumers, this may be articulated in terms of necessary rate regulation or in terms of controlling quality of service. Principal sub-categories of discourse like these are noted in the analysis below. The relative magnitude of the different discourses was measured according to several criteria, including the location of the relevant text within each article, the association of discourses with specific high-profile stakeholders, and the amount of space devoted to particular perspectives within each news story. Overall, discourse representing the benefits of deregulation and celebrating market logic tended to be the most visible within this sample, followed closely by discourse focused on the anxieties surrounding the divestiture. Media discourse framing the government in a traditional protective role is the least prominent of the three major discourses identified here.

The next three sections of this chapter explore these discursive patterns. This analysis begins by looking at press that portrays the state in a traditional protective role, engaging in active oversight and acting to shield consumers from prohibitive rate increases. This discourse of the state rightfully intervening in the market is the weakest of

the three principal discourses and these representations of a justly protective state disappear almost entirely in the post divestiture period. After discussing the variations and trends in this discourse, the chapter will move on to examine press coverage describing the fears surrounding deregulation. This general discourse of anxiety rises sharply before the divestiture, and continues to be highly visible in news stories following the breakup. The fourth section addresses the competing media frames that celebrate deregulation, sometimes explicitly condemning government intervention. This analysis of public discourse on the role of the state is intended to illustrate the ways in which particular views of the state and regulation shifted over time, as certain frames become more available than others.

Protective Government

In media discourse appearing before the divestiture, government representatives are portrayed in a variety of roles as active overseers of the market. Judge Harold Greene and Congressional Representative Timothy Wirth are the most prominent actors in this coverage, and are joined by other stakeholders including representatives of consumer protection organizations and members of the Department of Justice. The press coverage discussed here constructs government intervention in the market as necessary and beneficial to the public interest, restraining AT&T from anti-competitive behavior and protecting ratepayers from abrupt price increases. This discourse of protective government mostly appears in coverage describing the negotiations of the antitrust

settlement and in stories covering legislators' attempts in 1983 to decrease or eliminate the access charge proposed by the FCC.

The Necessity of Government Oversight

Media discourse from 1980 and 1981 frames government as a resource for ensuring fair competition and guarding against AT&T's potential abuses of monopoly power. In this regulatory paradigm, competition is something to be actively cultivated by government. This contrasts with later pro-deregulatory coverage, which frequently implies that competition is naturally produced in the absence of government oversight. A *Newsweek* article describing Congress's efforts to develop the Telecommunications Act of 1980 cites Herbert Jasper, an industry representative concerned with the potential for AT&T's anticompetitive behavior in the data processing market. Jasper warns against the removal of traditional market restrictions, warning that the government is "turning loose something with billions of dollars that can do anything it wants" (quoted in Sheils & Cook, 1980a). He suggests that with deregulation, the FCC will be unable to rein in AT&T "until the landscape is littered with the corpses of former competitors." AT&T is represented as a dangerous concentration of market power that must be actively regulated with government oversight, in order to prevent anticompetitive behavior. A *New York Times* article reports on the success of MCI's antitrust suit against AT&T, mentioning the "gathering consensus" that there must be safeguards against AT&T's marketing power (Sheils, Fineman, & Manning, 1980). In this coverage, MCI founder William McGowan

praises the enforcement of antitrust regulations, predicting, “Small companies that get stepped on by large companies will come to realize that it is not true that nothing can be done. Big companies can no longer beat them by deep-pocketing them” (quoted in Sheils, Fineman, & Manning, 1980). Government intervention is presented as essential to the maintenance of fair and effective competition in the telecommunications markets, protecting small firms from AT&T’s abuse of power.

Much of the media coverage in 1981 is devoted to the arguments of the anti-trust trial, and to proposed House and Senate bills intended to address the future regulation of AT&T. These news stories frequently allude to the necessity of continued government intervention to ensure appropriately competitive practices. One story describing the early arguments of the antitrust trial cites Department of Justice attorney Gerald A. Connell, who describes AT&T as “an enormous but friendly elephant, somewhat of a slow thinker, stumbling through the regulatory jungle. The elephant can’t quite figure out what its regulatory masters want, but there is a feeling that the beast can at any time reach out, reach out and crush someone” (Holsendolph, 1981a). The government is shown here and in later articles as a necessary restraint, protecting smaller companies as well as consumers from AT&T’s formidable market power. The authority of the state over private industry is justified in this metaphorical language, which positions government as the “regulatory master,” rightfully attempting to control a potentially dangerous creature.

In July 1981, a controversial Senate bill was passed allowing AT&T to enter unregulated markets of information processing and distribution and lifting many

telephone industry regulations. Senator Ernest Hollings, a vocal critic of the legislation, is cited pronouncing that the bill's proposed restructuring restricts AT&T inadequately, adding that the FCC's oversight is not enough to properly restrain the company (Holsendolph, 1981b). Other high profile government representatives such as William Baxter of the Department of Justice and Representative Timothy Wirth similarly warn against inadequate regulation in a variety of articles (Holsendolph 1981c; Ma Bell's Eye to the Future 1981; Holsendolph 1981e; Holsendolph 1981f; Holsendolph 1982a). Wirth proposes a competing bill in the House of Representatives, and portrays his sponsored legislation as more fair and appropriately protective of consumers. In a *New York Times* article, Wirth distinguishes his bill from the prior Senate legislation as less focused on deregulation, stating, "We're looking for a level competitive playing field...You maintain regulation so that the ratepayer can be protected" (Holsendolph, 1981e). Although Wirth's legislation proposes opening the telephone industry to increased competition, he portrays this as a process needing active government oversight. The importance of appropriate government oversight continues to be a major theme in discourse surrounding the settlement negotiations, as AT&T agreed to divest itself of its regional companies, in exchange for freedoms in other unregulated industries. The process of deregulation is portrayed in many of these articles as one requiring vigilant government supervision, rather than being simply a subtractive process where government steps to the side. As the settlement process moves forward, however, the focus shifts to access charges and to the

responsibility of government representatives, specifically members of Congress, to shield their constituents from unreasonable increases in their phone bills.

The divestiture plan, proposed in January 1982, inspired new discourse on the importance of maintaining government authority. A *New York Times* article appearing shortly after the announcement of the tentative settlement agreement describes the new need for Congress to act, participating in decisions about AT&T's new freedoms and the smooth transition to deregulated equipment and long distance markets (Pollack, 1982b). Although the settlement agreement is immediately between the Department of Justice and AT&T, surrounding public discourse emphasizes the need for broader government involvement. When presented with the settlement, Judge Greene refuses to close the antitrust case and accuses AT&T and the Department of Justice of attempting to circumvent an appropriate public evaluation of the plan. Greene states, "I will not permit the case to be closed without proper scrutiny...This case is too important to the public interest to have it dropped in so haphazard a fashion" (Holsendolph, 1982c). Instead of dropping the case, Greene is a central figure in the divestiture negotiations over the following two years, frequently appearing in the press and stressing the need for adequate government oversight and restraint of the market to ensure the public interest. Greene publicly criticizes the Justice Department's proposed plan for overseeing the breakup. A *New York Times* article describes his dissatisfaction, stating, "In his order, Judge Greene was clearly not satisfied with the argument by the Justice Department that it would look after the public interest and guard against abuses under the proposed restructuring of

AT&T and its operating phone subsidiaries” (Holsendolph, 1982f). During the summer of 1982, Greene made a number of changes to the original divestiture plan, and these were largely heralded in the press as benefiting the public interest (A Large Lady Loses her Precious Asset 1982; Noble, 1982; Kleinfeld 1982b). A *New York Times* article from August 1982 reports that Greene “won broad praise for his Solomon-like decision ordering changes in the proposed antitrust settlement” (Pollack, 1982f), while Timothy Wirth is cited in another *Times* article stating that Greene’s modifications are “clearly in the public interest” (Taylor, 1982b). These modifications were largely focused on strengthening the position of the so-called Baby Bells to ensure their future financial stability, as well as preventing AT&T from abusively wielding its power in the new field of electronic publishing, thereby harming smaller competitors.

Rate Increases and Universal Service

Greene’s popular modifications are also seen as protecting ratepayers—a *Newsweek* article from the summer of 1982 reports that “the requested changes will help the consumer first and foremost,” explaining that local rates were likely to rise more slowly, due to Greene’s efforts to bolster the position of the Baby Bells (Ma, 1982). Rising rates are a principal concern for Representative Wirth, who proposes legislation to gradually phase out the traditional subsidy system that had supported local service for decades. In a January 1982 *Newsweek* article, Wirth is cited stating that “local bills will jump by 46% immediately after the divestiture,” without adequate safeguards (Pauly, Ma

& Leslie, 1982). Additionally, Wirth's bill, known as HR 5158, sought to strengthen the position of the divested Baby Bells and restrict AT&T's activities in unregulated markets. Despite AT&T's protests, this proposed legislation was unanimously approved by the Congressional subcommittee on telecommunications in the spring of 1982, and is praised in a *New York Times* article as doing "a number of things to allay the fears of regulators, many present and future competitors of AT&T, and many customers" (Holsendolph, 1982e) while a *Newsweek* story describes the bill as "eas[ing] the pressure for rate increases" (A Battle Over Ma Bell's Breakup, 1982). The bill's initial success inspired AT&T to engage in a fierce campaign against it, using the slogan "HR 5158 is a wrong number" (Pollack, 1982d). By July of 1982, the legislation was dropped, but not without vocal protests from Wirth and consumer advocates. A *New York Times* article covering the bill's failure cites Wirth, who states, "In the short run AT&T has won a tactical victory by stopping this bill this year. But AT&T's victory is a major setback for the American people and for a telecommunications industry that is one of the fastest-growing and most productive segments of our economy. AT&T is preventing Congress from making decisions that are ours to make" (Holsendolph, 1982g). Wirth clearly positions regulation as the responsibility of Congress in this article, portraying the legislation as a legitimate attempt to protect consumers as well as stabilize the rapidly shifting telecommunications industry. Sam Simon of the National Citizen's Committee for Broadcasting, a public interest organization, underscores this protective role, arguing that the blocking of the legislation "means, unfortunately, that the script for

telecommunications policy will now be written by AT&T. Wirth's bill would have minimized the adverse impacts on consumers. Now consumers are on their own" (Holsendolph, 1982g). AT&T's success at foiling the regulatory attempt is again framed as inappropriate and harmful to consumers, who must continue without the protection of the government.

Although Wirth's bill failed, Greene's modifications of the settlement agreement, announced in August 1982, contained similar requirements and won the praise of Wirth (Taylor, 1982a). Greene made his approval of the final settlement contingent on certain conditions, including AT&T's relinquishment of the Bell name, and efforts to limit rate increases. A July 1983 *New York Times* article reports that Greene would approve the settlement "once certain changes were made to protect the principle of universal service at reasonable cost" (Burnham, 1983a). In the article, Greene explains that his actions are intended "to promote the vitality of the operating companies and the principle of universal service, " and refers to the lower long distance rates expected to result from the breakup, stating, "in the view of this court, it is not necessary that these favorable developments be accompanied by higher rates for local service" (Burnham, 1983a). Preservation of universal service is represented as one of Greene's primary goals, accompanied by the intention of stabilizing the situation of the newly independent local Bell operating companies.

Coverage addressing rate increases rises dramatically in the last half of 1983, as members of Congress fought the FCC's plan for imposing access charges on consumers

(Pollack 1983a; Taylor 1983b). In September of 1983, a *New York Times* article describes a Senate bill proposed to preserve universal service, and reports that the General Accounting Office had issued a report criticizing the FCC's access charge plan, stating that the proposal “may result in many customers canceling their telephone service because they could not afford it” (Burnham, 1983c). A *Newsweek* article published a few weeks later alludes to the “political battle royale” brewing, reporting that “less than 90 days before the court-ordered breakup of AT&T, a bipartisan coalition of lawmakers is valiantly struggling to save residential consumers \$2 on their monthly phone bills” (Beck et al, 1983). *US News and World Report* notes “distrust of the need for higher revenues is evident in Congress,” mentioning the efforts in the House and Senate to postpone the access fees (Taylor, Schiffres & Hildreth, 1983). Representative John Dingell is cited in the *New York Times*, describing the Commerce committee's “resolve to protect the average telephone customer from unfair and unnecessary rate increases” (Burnham, 1983c). Dingell also refers to efforts by AT&T to discourage the legislation, and warns that House members will not “be misled by this propaganda blitzkrieg and will resist the tactics of obfuscation and delay designed to kill this legislation” (Burnham, 1983c).

A number of other articles in the three publications describe members of Congress and state regulators fighting the FCC's proposed access fees, which were eventually postponed until the middle of 1985 (Long Distance Charges 1983; Burnham 1983d; Lessening the Pain of the AT&T Breakup 1983; Higher Phone Rates Put on Hold 1984; Schiffres 1984a; Barnes 1984a). Repeated appeals are made to preserve universal service

in this coverage, which portrays government officials determinedly fighting to protect consumers from unreasonable increases and even loss of service. These members of Congress are represented as defying an unsympathetic Presidential Administration as well as resisting pressure from the FCC and telephone companies, in their efforts to help consumers (Telephone Rate Rise Reviewed 1983; Burnham 1983d). These portrayals of members of Congress working to save universal service in the face of deregulation and the end of the traditional subsidy system are most visible throughout the latter half of 1983. After the divestiture, there is some mention of efforts to slow rate increases, but these appear less often, and by 1985 there is barely any coverage invoking the protective role of government.

Examination of public discourse in the years preceding the divestiture shows the government repeatedly represented as rightfully occupying an actively regulatory role, and this contrasts powerfully with rival frames that portray government intervention as superfluous or even harmful. Articles that describe the government as justly intervening in competition and pricing issues invoke traditional notions of the public interest, as discussed in the last chapter. In monitoring and actively fostering competition, and in bolstering the position of the regional Bell companies, representatives of the government are portrayed as attempting to balance a range of competing interests, and as working to cultivate a stable, predictable environment for commerce. These themes are especially evident in the coverage surrounding Judge Greene and Representative Wirth, who are both connected with the goal of establishing strong, independent telephone companies to

provide local service. Additionally, Greene is specifically praised in media coverage for mediating among diverse claims, including those of consumers, AT&T, and AT&T's competitors. This discourse of government presiding over the public interest also appears in news focusing on rate concerns and access charges. In these articles, government representatives, including Greene, Wirth, and other members of Congress, are shown battling to preserve universal service, a goal distinguished by its ancillary social value. According to this paradigm of the public interest, government must actively intervene to protect social goods such as broad access to communications; private interests will not adequately address these needs of the general population, and is more likely to focus only upon serving profitable segments of society. This frame of the government deliberately involving itself in the market for the sake of the public good fades in later coverage, and is overtaken by new definitions of the public interest and appropriate government intervention.

During the pre-divestiture period of the media sample, government intervention is often framed as necessary and beneficial to the public. These discourses that support traditional regulation imply that lack of appropriate government oversight could lead to anticompetitive behavior and unreasonable rate increases, two common concerns associated with the divestiture in media coverage. The next section addresses these fears in more detail, looking at another major category in public discourse surrounding the AT&T divestiture and focusing on the many anxieties associated with the breakup. This

coverage questions the government's deregulatory choices and sometimes directly attacks the divestiture as risky and foolish.

Public Fears Surrounding the Divestiture

Coverage that is critical of the government's decision to encourage divestiture and deregulation peaks during the post-settlement period, and continues to be highly visible after the divestiture takes place. Before the breakup, anxieties focus primarily on rising rates, but there is also a strong, more general discourse of pessimism that frames the divestiture as an unwise government choice. After the divestiture occurs, rates continue to be a predominant concern, joined by worries of declining service and equipment quality and customer confusion. The examples discussed below demonstrate that although deregulation ultimately prevailed during this period, this trend is accompanied by substantial public discourse reflecting fear and distrust. The fourth major section of this chapter, which focuses on discourse promoting deregulation, explains the strategies by which these fears are discursively absorbed and repositioned, allowing deregulation to maintain discursive dominance as a policy option.

Rising Rates, Risk, and Confusion

As soon as the settlement was announced in early 1982, fears of rate increases appeared in press coverage. The *New York Times* mentions "widespread fears that, in the short term, local phone rates might rise quickly" and cites Senator Robert Packwood,

who predicts that without the traditional cross-subsidy arrangement, “local telephone rates are going to suffer” (Holsendolph, 1982b). The same article also mentions concern from the Department of Defense that the breakup would harm the integrity of the telephone system, ultimately risking national security. Other coverage from the *Times* suggests that according to most analysts, “local service would jump substantially” due to the divestiture (Chavez, 1982). The settlement agreement is criticized for its incompleteness, as another article describes ongoing conflicts between the FCC, the Justice Department, and Congress and states that the proposed settlement “leaves complex issues unresolved and sets the stage for new and difficult disputes” (Pollack, 1982b). The proposed settlement also is criticized for its treatment of the regional Bell carriers, whose customers are expected to suffer. A story in the *Times* states, “Many telecommunications industry analysts and executives say the restrictions on the local companies will make their future bleak” and cites Harry Edelson, an analyst for First Boston Corporation, who suggests that “consumers [will] get the short end of the stick” (Pollack, 1982c).

The settlement agreement is also described as potentially unsound, producing confusion for the government, public, and industry. Professor Almarin Phillips of the Wharton School highlights the perilous uncertainty of the divestiture and the likelihood of rising rates in a *New York Times* article, stating:

From a public interest point of view, I’m distressed about the whole situation. It may be a brilliant stroke, but it’s not a riskless stroke. It may be five years of hopelessly confused public policy before we know who wins and who loses... You have to question if it is in the public interest to move to a hopelessly

confused situation of trying to have a large number of firms competing. You are heading to multiple providers and that means a higher cost of services (Wayne, 1982).

Although the settlement may achieve its goals of encouraging competition and addressing the changing telecommunications environment, it also poses a serious risk and promises higher rates. Another article, published a few months after the initial settlement announcement, reports mounting concern among a variety of stakeholders. Titled, “Accord on AT&T Provokes Concern Across Nation,” the story describes the proposed settlement as “provok[ing] a deep sense of unease across the country” (Holsendolph, 1982e). Members of Congress and the FCC, as well as state utility regulators, companies competing with AT&T, and large-scale telephone users are all described as “voic[ing] dissatisfaction with the proposed settlement, though there is no consensus among them as to what should be done” (Holsendolph, 1982e). Additionally, the story reports that a poll commissioned by AT&T “found that consumers are concerned that the resulting breakup of the company and the passage of bills in Congress to change the settlement could hurt phone service and bring about increased rates.” Although the poll cited in this article is linked with AT&T, confusion and dissatisfaction is evident in other stories as well (DePalma 1982; Holsendolph 1982d; Holsendolph 1982f). An article titled “Bell’s Perplexed Stockholders” personalizes this sense of confusion and anxiety, citing a small shareholder who asks:

What are they doing? They’re breaking up or something, but what does this mean to the shareholder? Everything sounds like it’s neither here nor there. When I hear

different things change, it gives me the creeps. This doesn't look right to me. It's bad. To tell you the truth, I'm kind of worried. I'm scared (Kleinfeld 1982a).

The divestiture and related negotiations are portrayed as a confusing quagmire, and coverage of consumer dissatisfaction and rate increases continues to build in 1983, as the divestiture deadline approaches. The negative tone of this media coverage intensifies as large segments of the population are predicted to lose phone service due to prohibitively high rates.

The cost of local phone service is predicted to double by 1985 in a February 1983 *New York Times* story, which also describes consumers as “bewildered” and predicts that deregulation will cause the quality of customer's telephones to decline (Kerr, 1983). In *Newsweek*, Representative Edward Markey warns of a nation divided between a “communications aristocracy” and an “underclass” caused by expected rate hikes. The same story cites Eric Schneidewind of the Michigan Public Service Commission, who suggests that “as many as one of every seven Americans might have to give up phone service before long because of the rate increases” (Pauly & Ma, 1983). Poor and minority telephone customers are considered to be “the most likely to feel the pinch” in higher prices, possibly dropping their service (Holsendolph, 1983).²⁴ During the summer of

²⁴ These frames of widespread bewilderment and confusion are similar to the coverage of controversy surrounding Medicare Part D, the new prescription drug plan promoted by the Bush Administration and enacted in January 2006. Instead of adding prescription coverage automatically to traditional Medicare services, this plan privatizes prescription coverage and requires program participants to go through a complex enrollment process and actively compare a broad variety of private plans, often requiring numerous phone calls or online research. Press surrounding the drug plan often represents it as

1983, an article titled “Struggling to Make the Breakup Work” describes changing perceptions of the divestiture, commenting that “It is somewhat ironic...that the public may suffer along with AT&T as local rates rise to cancel out the benefits of more equipment choices and lower long distance rates that the divestiture will bring about” (Pollack, 1983a). The story also mentions the “growing concern” among members of Congress, state regulators, and consumer groups that poorer consumers may have to drop service altogether due to rising rates. Schneidewind states, “People now are seeing this in a light that is totally different from when it was proposed. There is a growing realization that this divestiture, coupled with some things the Federal Communication Commission did, will destroy the phone system as we know it” (Pollack 1983a). Criticism of unreasonable rate increases appears in a variety of other articles during this period, while local companies requested increases from state regulatory bodies, and Congress battled over the FCC access charge (Pollack 1983b; Taylor 1983b; Burnham 1983c; Pollack 1983c; Playing Chicken With Ma Bell 1983; Hershey 1983). This disapproval of the divestiture and surrounding negotiations is also evident in coverage of consumer attitudes and perceptions.

Telephone customers are frequently portrayed as confused, bewildered, and dissatisfied with the divestiture decision, finding that the alleged benefits of competition will not be worth the sacrifices. Coverage of a *New York Times/CBS News* poll performed

advantageous to private insurance providers while describing consumers faced with too many choices, a dearth of appropriate information, and the risk of going without coverage.

in October 1983 notes consumers' skepticism and bafflement, citing a "widespread lack of understanding." Among the 29 percent of respondents who felt they had heard or read enough to comprehend the divestiture issue, 41 percent predicted service would degenerate, while only 25 percent predicted improvement. In addition, 83 percent of respondents reported satisfaction with their current telephone service (Pollack, 1983c). The story suggests that the majority of consumers will not benefit from changes in rate regulation resulting from lowered long distance rates and the addition of the FCC access fee. Many consumers seem aware of this, and some bitterly blame the government. Every letter to the editor mentioning AT&T in *US News and World Report* during this period is resoundingly negative, predicting regret and lambasting the government for altering a perfectly good, affordable system of service:

If Congress were worth its salt, it would drop all the inane issues it has been expending itself on and forgo a raise in order to pass a law putting AT&T back together. Instead, the next move will likely be a bill to furnish free phone service to every individual or family with less than \$25,000 a year income. I wish my government would quit helping me. I can't afford it (Montgomery, 1983).

We will regret breaking up AT&T, monopolies do have a place in free enterprise systems, and AT&T already provided efficient service (Boone, 1983).

If monopolies are so bad, why is the AT&T breakup causing an increase in telephone rates? For my money, I'll take a federally controlled monopoly over freedom to choose which company I patronize any day (Uppal, 1983).

Some of the outrage about the divestiture stems from positive perceptions of the pre-divestiture telephone system. A November 1983 *Newsweek* article titled "Chaos in the Phone Business" states, "while divestiture was likely to increase competition and lead to

technological breakthroughs, experts still worry that it could prove a detriment to what is now the best telephone system in the world” (Pauley et al, 1983). The story cites low morale at AT&T, confused consumers, turmoil in the industry, and public outcry against proposed rate increases, while the government is portrayed making a risky decision and setting in motion a series of potentially regrettable events, such as the destruction of an excellent telephone system. The article ominously concludes by referring to FCC Chairman Mark Fowler’s alleged dream: “He reaches for this phone in a panic, fearing that the dial tone won’t be there. Fowler has no real doubts about this New Year’s Day. But just about everyone has something to worry about after that” (Pauley et al, 1983). Another apprehensive story questions how the breakup will “ultimately affect what has long been the best telephone system in the world” and reports that AT&T chairman Charles Brown has conceded that the company is currently “in chaos” (The New Tone in Phones, 1983). Just before the divestiture takes effect, Brown is cited calling the breakup “a betrayal of public service,” while in another story, an AT&T employee refers to the split as potentially “the biggest mistake of the century” (Arenson 1983; Kleinfeld 1983).

Surviving the Breakup: Coverage After the Divestiture

The media discourse framing the government as an active participant in unwise policy decisions is most concentrated before the actual divestiture in *Newsweek* and *US News and World Report*, although negative letters to the editor in *US News and World*

Report continue well into 1984. In the *New York Times*, where discourses of anxiety are generally most prominent, post-divestiture coverage continues to focus on the risky and destructive nature of divestiture and the ensuing competition, describing the negative effects for both consumers and businesses. Although some *New York Times* stories directly hold the government responsible for the adverse consequences of the divestiture decision, most of the *Times* coverage focuses on the unfortunate results of the breakup rather than placing blame. Service is described as declining due to the confusion that has overtaken the industry and stories detail consumers' new woes with degrading service quality and delays, confusion, and inconveniences (Now That the AT&T Breakup Has Taken Hold 1984; Pollack 1984a; Pollack 1984b; Pollack 1984c; Schiffres, Bock, Galligan & Lyons 1984). The quality of telephone equipment is also portrayed as degrading due to deregulation and inadequate government oversight, inspiring anger in disillusioned consumers. Although the FCC demands that telephones be evaluated to ensure that they will not harm the network, one *New York Times* article notes that "some in the industry joke that a piece of plywood can be certified as not harming the network," implying that current oversight is dangerously minimal (Pollack, 1984a). Residential consumers and some businesses are described as the frustrated victims of these service and equipment problems, and although customers are reported to expect improvement over time, the *Times* reports that "some are skeptical that the quality of service will return to the levels of the past" (Pollack, 1984d).

One full year since the divestiture, concerns surrounding the breakup continue to be very visible. In December 1984, the *New York Times* published an extensive retrospective article titled “One Year Later, the Debate Over Bell Breakup Continues.” The story notes that twelve months after the split, “Americans cannot agree whether the breakup of the Bell system was a good idea” (Berg, 1984). Hoover Institution historian Robert Hessen critically observes the intense consolidation among long distance providers, suggesting, “in ten years people will say that the breakup of AT&T was a sham because AT&T will still be the overwhelmingly dominant company” (Berg, 1984). Consumers are also portrayed as not faring well, as a representative of a California public advocacy group, Toward Utility Rate Normalization, claims that the “little guy” has not benefited, while big business has received most of the fruits of deregulation and competition, such as greater technological innovation and lower long distance rates. *US News and World Report* predicts that the “cataclysm” of the breakup is not over, noting rising costs for basic service and the apparent inevitability of the implementation of the FCC access fee (Schiffres, 1984c). “The name of the game is ‘tuck [the costs] to the consumer,’” according to William Zachmann of the International Data Corporation, a market research firm. He explains rising local costs, claiming, “what’s going on is the shifting of costs from bulk users to consumers.” This transfer of costs is predicted to be most dramatic in June 1985, when access fees take effect. While this fee was the subject of furious debate earlier in the divestiture process, it is now framed as unavoidable—the article reports “foes are resigned” (Schiffres, 1984c). The outlook for businesses also

appears pessimistic in this period, as the glut of providers in long distance is anticipated to produce a violent shakeout in the industry, drastically reducing the number of competitors (A Year After the Breakup, How AT&T Has Fared, 1984). A *New York Times* article in the spring of 1985 describes the continuing overwhelming dominance of AT&T in the long distance industry, as the company's competitors falter, their prospects appearing dim. Although AT&T announces a rate cut in long distance service to strengthen its dominance, the story notes that customers will benefit unequally from this decision, which will mainly help large companies (Berg, 1985a). An increasing number of customers also are reported to be delinquent on their bills, and this is framed as a result of the intense turmoil and confusion in the long distance industry, causing an increase in all consumers' rates (Berg, 1985c). Over a year after the breakup, public discourse surrounding the divestiture continues to have a strong negative component, sometimes framing the unwanted results of deregulation as inevitable.

This collection of diverse negative frames of the divestiture contributes to a broader discourse of the breakup as resulting in difficulty, rising costs, and confusion affecting all parties involved, including AT&T, its competitors, and consumers. These anxieties and complaints form a significant critical discourse that opposes the market led regulatory paradigm. The divestiture, a product of government policy choices, is shown to have many undesirable results, but the responsibility of the government is not as strongly implied in later, post-divestiture stories. In this sense, the ongoing ramifications of divestiture become an independent process, one with unhappy effects that must be

borne by the consumers and businesses, as the government recedes from its former position of authority and prominence.

The following section explores the public discourse surrounding the AT&T divestiture that frames government intervention as an obstacle to progress, and praises deregulation as the natural path to economic prosperity and technological advancement. Despite reports of industrial confusion and turmoil and suffering consumers, this pro-deregulatory discourse continues solidly throughout the period studied. Frames celebrating deregulation are most visible in the periods after the initial settlement and the divestiture, flourishing in 1984 and 1985 while the frame of government as the rightful protector of the public interest and consumer welfare fades dramatically. This section looks at the discursive strategies that contributed to the dominance of the market led regulatory paradigm in public discourse. The analysis examines how government involvement is framed as unnecessary and undesirable, while discourse supporting the market led paradigm works to neutralize and absorb anxieties, portraying them as an inevitable aspect of a natural, ultimately beneficial process.

The Benefits of Deregulation

A great deal of the public discourse surrounding the AT&T divestiture celebrates deregulation, framing the reduction of government oversight as inevitably leading to competition. Open competition is discursively associated with a variety of benefits including technological progress, lower rates, and improved standing for US companies

in the global market. This section will discuss some of these benefits, exploring the different ways in which deregulation is characterized in public discourse as a superior policy choice. In coverage preceding the divestiture, the state is often framed as an obstacle to the advantages promised by the free market—advantages that will naturally emerge as regulation is removed. For consumers, these advantages primarily consist of technological innovations and lower rates, although these are generally framed as outcomes occurring in the future, and not as immediate benefits. Deregulation is thought to especially encourage technological advances in terms of computing, as corporate giants AT&T and IBM are finally allowed to directly compete with one another. Although reduced regulation is frequently associated with open competition, many articles suggest that size is necessary for success, justifying industry consolidation. The free market is often constructed as an unforgiving, brutally competitive environment for businesses, but this darker side of deregulation is still celebrated, often with language evoking Darwinist concepts such as survival of the fittest. Tumultuous industry conditions and rising rates are justified as unavoidable conditions encountered on the road to market led regulation, an ultimately beneficial goal. This analysis suggests that taken together, these characteristics comprise a resilient deregulatory paradigm that manages to absorb some of the anxieties surrounding deregulation while still upholding it as a superior policy.

Government Obstructing Progress

The FCC, headed by Charles D. Ferris from 1977 to 1981, is one of the most visible proponents of deregulation in the early period: Some of the strongest discourse against traditional state regulation can be attributed to government representatives such as Ferris and Secretary of Commerce Philip Klutznick. A *Newsweek* article from 1980 describes the FCC as “possessed with free-market fervor, revoking licenses here and deregulating companies there in an effort to spur competition” (An FCC Blessing for Mother Bell? 1980). The agency justified these actions in terms of industry development. In a *New York Times* article on the deregulation of customer premises equipment, Ferris argues against government intervention:

As long as the development of new telecommunications products was subject to the whim of the regulatory process, the evolution of this industry was subject to uncertainty. Now communications business entrepreneurs can be sure that the market and not the Government will decide their fate. They will be willing to invest more money, and the communications markets will develop more rapidly (Holsendolph, 1980a).

Government is portrayed in Ferris’ statement as unpredictable, driven by whims rather than by the rational logic of the market. As the FCC further deregulated the marketing of terminal equipment and abolished restrictions keeping AT&T from the data communications business, Ferris again praised the removal of regulation, implying that traditional restrictions had stifled the industry and technological development. He states, “Today we have removed the barricades from the door to the information age. Government will no longer be a barrier that prevents or delays the introduction of innovations in technology” (Sheils & Cook, 1980b). This story goes on to report that the

FCC “will soon urge Congress to pass simple legislation endorsing the FCC’s handling of the consent decree—and affirming a regulatory agency’s right *not* to regulate.” This decision is affirmed by Secretary of Commerce Klutznick, who advises the Senate to “give the FCC less leeway in regulating the future telecommunications industry, evidently fearful that a less-competition-minded commission might try to restore regulations” (Holsendolph, 1980b). Klutznick’s hopes for deregulation are described in terms of emerging global competition, as he argues that “needless regulations must be lifted soon to promote growth in telecommunications so that the nation could keep up with Japan and Western Europe, who are also striving for major growth in that area” (Holsendolph, 1980b). In order to preserve the competitiveness of US companies, the government must reduce its regulatory oversight.

Senator Bob Packwood similarly associates deregulation with economic growth, commenting on the passage of a 1981 Senate bill meant to pre-empt the potential breakup of AT&T, allowing the company to expand into data processing without divestiture. Packwood predicts, “by freeing the industry from unnecessary and stifling government controls, this bill will greatly enhance competition within the telecommunications field” (Holsendolph, 1981d). Again, the government regulation is framed as a superfluous and dangerous constraint on the natural processes of competition. This discourse of harmful over-regulation also appears in connection with the Reagan Administration. As the Department of Justice agreed to settle its antitrust suits against IBM and AT&T at the beginning of 1982, this striking change of events is interpreted as “the most dramatic

actions thus far by the Reagan Administration to carry out its philosophy that the role of the government in the marketplace should be shrunk severely...”(Silk, 1982). Similarly, a story in *Newsweek* refers to “the Administration’s desire to loosen corporate competition from government regulations,” due to “galloping technological change” which has rendered many regulations obsolete (Pauly et al, 1982).

Although most discourse portraying the government as an obstacle to progress occurs in early media coverage, this frame reappears briefly in stories describing the access fee debate, directly before the divestiture (Pollack 1983b; Pollack 1983d; Hershey 1983). The stories discussed above explicitly condemn government intervention in the market, and this anti-regulatory position is generally represented through government stakeholders, especially those related to the executive branch. This discourse frames the government as a barrier to the benefits associated with deregulation, including industrial growth, competition, and lower prices. Much of the later coverage surrounding the AT&T divestiture tends to focus more positively on the benefits of deregulation, instead of explicitly lambasting traditional government oversight mechanisms. The next section will explore these benefits in greater depth, noting the association of deregulation with competition, technological innovation, lower rates and economic strength.

Better Technology, Lower Rates, and Global Competition

In many of the articles surveyed, deregulation is framed as beneficial to both individual consumers and to the nation as a whole. Public discourse surrounding the

divestiture describes deregulation leading to lower prices and innovation in technology and services. A *Newsweek* article titled “Owning Your Own Phone for Fun and Profit” describes the results of equipment deregulation, suggesting that competition in the hardware market has led to advantages for the consumer, as “dozens of manufacturers” are “jousting for a share of the potentially huge retail phone market” (Marbach, Copeland, Newhall & Foote, 1981). These advantages range from savings on rental costs to a greater selection of telephone designs. An article appearing in a June 1981 edition of *US News and World Report* predicts that consumers will benefit from a newly competitive telephone market, despite uncertainty regarding AT&T’s future. The article reports, “Whatever the future holds for AT&T, analysts believe that the public will be the real beneficiary of the war between the nation’s biggest communications giant and its mounting list of competitors” (Schersel, Taylor & McCann, 1981). The story cites industry analyst Brad Peery, who optimistically predicts, “Consumers will see an array of telephone and telecommunications products and services which would have seemed impossible five years ago.” This rising competition, including mobile telephone service and microwave transmission, is credited with spurring AT&T to upgrade its infrastructure with fiber optic cable, preparing to eventually offer residential data service, according to a *New York Times* article (Pollack, 1981b).

As the tentative divestiture settlement is announced, more predictions of competition and benefits appear in surrounding media discourse. William Baxter, head of antitrust at the Department of Justice and Charles Brown, chairman of AT&T, are

portrayed in agreement that the settlement “presaged increased competition in the telecommunications industry and ultimately lower prices” (Holsendolph, 1982b). Another *New York Times* article announcing the agreement predicts that the settlement of the IBM and AT&T antitrust suits promises “to accelerate the communications revolution in America and worldwide...in the long run, these moves appear likely to serve consumers’ interests, both locally and over long distances” (Silk, 1982). *Newsweek* announces that the divestiture “launches an explosive new phase of the communications revolution,” while *US News and World Report* is more specific, suggesting that the breakup will “widen the selection of equipment available to users” and result in greater availability of advanced services such as call screening and call forwarding (Pauly et al 1982; *Breaking Up AT&T: What It Means to You* 1982).

Emerging competition in the equipment, long distance, and computer markets is portrayed bringing consumers greater choice in service plans and telephone hardware, as well as the advantages of advanced networks. Competition in the long distance market is predicted to be fierce, inspiring companies to invest in improved network infrastructure. In an article titled, “Rivals for Long Distance Snap at AT&T’s Heels,” *US News and World Report* explains, “The breakup of American Telephone and Telegraph presents a once-in-a-lifetime opportunity to multitudes of competitors anxious to grab a piece out of Ma Bell’s once firm stranglehold” (Schiffres, 1984a). These competitors are predicted to spend billions of dollars to enlarge network capacity and improve voice quality, to better challenge AT&T’s dominance. The article concludes, “amid all this pushing and shoving,

the big winners so far are the nation's 86 million long distance customers, whose allegiance is being sought with lower phone rates and a growing choice of tailored services." To assist the development of competition in long distance service in 1984, the FCC implemented a policy of equal access, making it easier for consumers to choose a competing long distance company. Media coverage of this policy emphasizes the benefit to consumers, anticipating reduced prices as well as greater competition and consumer choice. (Long Distance 1984; Pauly, Achiron & McDaniel 1984).

Competition in the hardware markets is similarly portrayed as favoring consumers. In August 1982, *US News and World Report* anticipates decreasing costs and innovative services, reporting:

[F]ierce competition between AT&T, the local phone company and independent retailers for the sale of equipment may drive down the cost of telephone equipment...AT&T will finally gain long-denied access to the new and unregulated data processing and computer markets. This holds promise for advances in computer technology—and for vigorous price competition in the industry (Taylor, 1982b).

Once deregulated, AT&T is predicted to take advantage of its research facilities at Bell Labs, creating new products and services. Meanwhile, hopeful competitors are anticipated to enter the customer premises equipment market, driving down prices and offering incentives to new consumers purchasing their first telephone. The *New York Times* refers to the "increasingly heated market battle to sell telephones to consumers," noting that competitors "are preparing to greet the new consumers with a variety of prices, special features, and marketing campaigns" (Pollack, 1983d).

As the divestiture is evaluated in news coverage from late 1984 and 1985, technological innovation is framed as a primary gain. The competition resulting from deregulation has produced revolutionary improvements in the telephone network, according to one *New York Times* article, which notes, “The long-distance companies are racing to rewire America by laying thousands of miles of fiber-optic cable, thin strands of glass that can carry thousands of calls and pieces of computer data at once” (Berg, 1984). Another post-divestiture story focuses on advances in customer premises equipment, describing caller ID functions and callback features-- technological innovations being explored by the newly independent regional Bell companies, as they search for other sources of income. After explaining these revolutionary, new features, the article states, “This is no futuristic fantasy” but is instead “a remarkable new telephone service that could soon be available to telephone users nationwide” (Schiffres, 1985). The divestiture and accompanying deregulation are framed as ushering in a new era of technological wonders and dynamic competition. Innovation in hardware and services and decreasing prices are repeatedly cited as primary benefits to individual consumers in this coverage, but the advantages of deregulation are also presented on a global scale.

Competition resulting from deregulation is frequently framed as bolstering economic growth and strengthening the position of US trade on the global market. The success of companies such as AT&T and the regional Bells is strongly associated with the national economy, which is often portrayed as threatened by global competition, especially from the Japanese technology industries. An early *New York Times* article

describes AT&T's desire to enter the information industry as "good for AT&T" and also "good for the nation, which can benefit from its technology" (Ma Bell Giving Birth, 1980). Pre-divestiture legislation intended to allow AT&T to enter unregulated businesses, such as data processing, is praised by supporters including Senator Packwood, who "say it will unleash new forces of competition among the suppliers of communication services and manufacturers of equipment, get innovative ideas to the market more quickly and strengthen the nation's ability to compete worldwide in communications" (Holsendolph, 1981b).

In coverage from the period following the settlement agreement, Stanford professor L.J. Bourgeois is cited, explaining the benefits of deregulation on the global market: "To the extent this unleashes the power of research, this will help us in global competition on the technological front, especially in our competition with the Japanese" (Quoted in Wayne, 1982). In another example, a *Newsweek* article discusses the divestiture in terms of global competition, implying that the true significance of the breakup lies not in lower phone rates, but in the emerging global information industries. The article describes this conflict in dramatic terms:

An enormous industrial struggle is at hand, pitting American companies against each other and American technology against Japanese and European technology. The prize is dominance of the brave new world of telecommunications, and the stakes are not only economic but social, for this competition is almost sure to bring profound changes in the way people work and how they organize their lives (Marbach, Cook, Ma & Conant, 1984).

The development of the information economy is framed as a global competition between American and foreign technologies, conflating the success of US companies with the general success of the nation. The technological innovation often associated with deregulation is seen as giving US companies “an important edge in competition with foreign rivals” (Berg, 1984). In the aftermath of the divestiture, as AT&T is allowed to link its long distance and computer equipment divisions, this further deregulation is also rationalized as a means to enhance global competitiveness. Mark Fowler, chairman of the FCC, justifies this decision, stating, “It enables AT&T to eliminate unnecessary costs and that’s good for consumers and it’s good for America’s ability to compete abroad” (Stuart, 1985). Fears of consolidated market power and anticompetitive behavior have vanished at this late point in the press discourse, and the wellbeing of the newly structured telecommunications industry is tied to the wellbeing of the national economy, in a relationship similar to that described by Manuel Castells (1996) in his theorization of the state in the contemporary information society. Deregulation is framed as a necessary strategy for successful global competition in a discourse that links the welfare of private companies with the public interest.

The Battle of the Titans: Big is Beautiful

The AT&T divestiture is discursively connected with increased competition, but it is also portrayed in media coverage as a dramatic shift in traditional antitrust policy.²⁵ News stories appearing just after the settlement agreement address this, often framing the shift in terms of the Reagan Administration's new, less punitive perspective on antitrust. The articles refer to a new paradigm of antitrust enforcement, where a company's size does not preclude market competition. Size is celebrated in the stories anticipating competition between AT&T and IBM, which are predicted to directly compete as AT&T attempts to enter the computing market. AT&T's desire to enter the computing industry is greeted with enthusiasm, and news articles express hope that the newly deregulated company will pose a serious competitive threat to IBM, stimulating increased technological innovation.

In a *New York Times* article appearing directly after the announcement of the settlement, columnist Thomas Friedman addressed apparent disparities between antitrust goals and the settlement of the IBM and AT&T cases. Friedman argues that the Reagan Administration has not "come down on the completely wrong side of the bigness and competition issues" because in both cases, the settlements will result in competition, regardless of the companies' sizes (1982). In another article titled "Reagan's Antitrust Explosion," Federal Trade Commission head William C. Miller III addresses this issue, arguing that consumers should not fear size, and noting that consumer groups concerned

²⁵ On the same day that the Department of Justice announced a tentative settlement agreement with AT&T, it also dropped its antitrust suit against IBM.

about the anticompetitive potential of large, consolidated companies have “erroneous notions of what best serves consumer interests” (Hershey, 1982). For Miller, consumer and company interests may coincide, and size and consolidation may actually aid competition. A *Newsweek* article claims that the settlement of the antitrust cases against AT&T and IBM has “launched a new race” between the two companies “to dominate the exploding telecommunications revolution” (Busting Up AT&T, 1982).

The settlements are viewed as inaugurating a new era of enlightened antitrust, as traditional notions of antitrust, which tended to be suspicious of size, are outdated. A *Newsweek* article authored by Lester Thurow, who testified on behalf of AT&T, vividly describes this in terms of evolution, explaining:

No one knows why dinosaurs became extinct, but it was probably some change in the environment combined with an animal that had become too large and too highly specialized. The dinosaur was also famous for having very little brain relative to body weight and probably did not change its habits easily. Antitrust suffers from all of these problems (1982).

Thurow goes on to argue that antitrust enforcement must adapt to the changing, globally competitive environment, ultimately focusing on improving the productivity and efficiency of the United States economy, and realizing that “bigness is not always badness, and mergers are not always anticompetitive” (Thurow, 1982). The expected competition between AT&T and IBM, two “uncaged giants,” is frequently framed as supporting evidence for this argument, as AT&T is predicted to be a “strong competitor against IBM,” possessing the necessary size to take on the mammoth computer company (Pollack 1982a; Pauly, Ma & Leslie 1982). A later *Newsweek* article refers to the “war”

between “Big Phone and Big Blue,” a conflict that was “preordained” in 1982 by the divestiture agreement (Pauly, Cook, Ipsen, Leslie, & Rogers, 1984). The story reports that according to market analysts, by 1990 AT&T and IBM will compete in areas representing 40% of their business.

In 1985, as IBM negotiated to purchase a stake in AT&T long distance rival MCI, media coverage again celebrates the potentially direct competition between the two giant companies (Berg 1985d; Sanger 1985). IBM’s teaming with MCI is perceived in this coverage as precipitating further consolidation, which is portrayed as natural and inevitable as each company gathers its “armies” to compete (Pollack, 1985). Similarly, a *Newsweek* article contributes to this rhetoric of climactic conflict, portraying the companies nearing a “momentous final struggle” for the “command of the information industry” (Pauly, Ma & Fowell, 1985). The potentially anticompetitive effects of consolidation are unquestioned in this media discourse, which tends to naturalize the supposed conflict between AT&T and IBM as effective competition. It is also significant that the competition between the companies is expressed in such final, untroubled terms, implying that eventually, perhaps in the near future, one of them will naturally dominate the emerging information industry.

The rhetoric of conflict used to describe the competitive relationship between AT&T and IBM is found frequently in other discourse surrounding the divestiture. Competition resulting from deregulation is framed in terms of battles and bloodshed, but this conflict and loss is often portrayed as honorable, occurring in the tough but fair

environment of the free market. Industry upheaval is expected in this discourse, and is treated with a sense of grim inevitability—the free market may sometimes produce unpleasant results, but is ruled by a natural logic of survival that is ultimately beneficial to the consumer and the larger economy, a topic taken up in the following pages.

Welcome to the Jungle: Naturalizing the Free Market

The public discourse acknowledges negative aspects of deregulation, such as industry consolidation, higher prices, and consumer confusion, portraying these results as inevitable, part of the inexorable logic of the market that is ultimately unquestioned. The divestiture is framed as a challenging, demanding process for AT&T, its competitors, and consumers, so that the turmoil associated with the breakup is represented as an unhappy but necessary step in the process of transitioning to a free market.

In early coverage, discussion regarding the entry of AT&T into unregulated business areas is framed in destructive terms, but is also presented as inevitable, due to technological advances. In “A Giant Eyes New Vistas,” Congress and the Carter Administration are described as attempting “to unshackle Ma Bell from regulations that have barred her entrance into new businesses—and if they are successful, the resulting competitive wars could pit giant against giant, crush scores of small companies and even affect US antitrust law” (Sheils & Cook, 1980a). Despite this daunting rhetoric, the article describes the deregulation as “a push for reform” due to advancing technology that has “rendered much of communications law obsolete” (Sheils & Cook, 1980a). As

AT&T prepares to enter competitive areas of business, the company is described as “taking great pains to whip itself into shape” in a “wrenching metamorphosis” (Pollack, 1981c). AT&T is portrayed as a disciplined athlete, striving to prepare itself for the harsh realities of competitive markets. Because AT&T and its subsidiaries existed in a protected monopoly for so long, the company’s ability to successfully cope with competition is sometimes questioned. Thomas Friedman evaluates the chances of AT&T’s Western Electric subsidiary in an article appropriately titled “Why Western Electric Has to Hustle” (1982). Friedman asks whether once “unshackled,” Western Electric can survive the “rough and tumble telecommunications jungle.” Referring to the company’s likely competition, he adds, ‘Western is going to have to learn how to hustle for business in an open market against companies like Japan’s Fujitsu, West Germany’s Siemens and the International Telephone and Telegraph Corporation, after years of dealing within a single, albeit demanding, family.’” Another article drawing upon a family metaphor questions how the seven regional Bell companies will survive without the “maternal embrace” of AT&T, which is attempting to transform into something “leaner, maybe meaner” (Cutting Ma Bell Along the Dotted Line, 1982). This use of metaphor serves to anthropomorphize the companies, while underscoring the protected nature of their previous monopoly arrangement. AT&T, previously sheltered by government regulations, is portrayed heroically attempting to condition itself for the new rigors of the market.

As competition in the long distance market increased, AT&T is reported to be rapidly losing its market share. A *New York Times* article predicts, “That trend is expected to continue as the long distance market enters a period of intense competition and regulatory turmoil tied to the divestiture of the AT&T operating companies.” While the long distance market is expected to enter a period of “intense competition” that may hurt AT&T’s competitors, “for the consumer...the net results will still be more options and cheaper prices” (Pollack, 1982f). The divestiture is also framed as presenting opportunities for AT&T and the Baby Bells, although these opportunities are portrayed as carrying considerable risk. “The Challenge of Divestiture,” published within a few months of the final breakup, describes the situation of the regional operating companies, as their executives adapt to independence from Ma Bell (Arenson, 1983a). The task of successful, profitable separation is described as “awesome,” and the article notes that the leaders of the regional Bells have embraced the new responsibility with “the eagerness of fledging entrepreneurs.” Another *New York Times* story from the same period, “AT&T Heads for the Unknown,” is less optimistic, claiming there is no certainty “about how the new, slimmed down company will perform once it has left the cocoon of regulation and monopoly for the far more chancy high technology arena” (Arenson, 1983b). AT&T’s challenges are described in terms of its weak understanding of the marketplace and lack of commercial identity, due to its longstanding status as a protected monopoly. Although the article mentions the promise of new, unregulated markets, the transition is presented

as daunting, and AT&T is implied to be weak and uncertain, possibly unable to meet the challenges of deregulation.

Coverage in 1984 portrays the long distance market in turmoil, as the “long awaited shakeout” begins, characterized by “overcapacity and suicidal price wars that are the inevitable outgrowth of deregulation” (Barnes 1984b; Wayne 1984). Smaller companies, vulnerable because they cannot afford to modernize their equipment, are taken over by larger firms with more resources, which are “look[ing] towards merger and acquisition partners for elements they may be lacking and to assure long term viability and profits” (Consultant Arthur Evans, quoted in Barnes, 1984b). These buyouts are framed as a practical strategy, in that company size is needed to truly compete in the cutthroat long distance industry. Savvy smaller companies are presented as taking advantage of the situation, as they are “gobbled up” by larger competitors in often “lucrative takeovers” (Barnes, 1984b). Consolidation is presented as a natural response to the market conditions, and is portrayed as an inescapable eventuality, similar to that suffered by the airlines after deregulation. Howard Anderson of the Yankee Consulting Group makes this comparison, stating, “There will be a period of pricing instability followed by more pricing instability...It will be a lot like the airlines. They went through this lemming-like behavior on prices, and there’s no reason to believe the long distance providers are any more intelligent” (Wayne, 1984). Like suicidal rodents driven by an evolutionary urge, the smaller long distance companies are expected to naturally eliminate themselves over time, relieving the overcrowded conditions of the market. This

vivid description is less optimistic about the fate of many long distance firms, implying that they will bankrupt themselves in price wars rather than engaging in sensible buyout strategies. Consumers are expected to benefit from this wild competition while it lasts, but the future implications of a consolidated market, such as reduced choice and potentially higher prices, are not addressed. Another article, titled “Jostling in the Overcrowded Market,” predicts “severe competition” to last for two more years, describing the competition as a “bonanza of sorts for consumers” (Pollack, 1984e). Companies in different segments of the telephone market are presented as suffering, as competition exists in “varying degrees of ferocity.” The market for customer premises equipment is described as a “bloodbath,” while the past several months are characterized as “a brutal year” for long distance service providers. Relying on metaphors that frame the deregulated market as a savage state of nature, this story, like earlier examples, constructs the results of deregulation as inevitable, naturalizing them in language that is sometimes anthropomorphic, and sometimes evoking Darwinism. As the violent shakeout continues in 1985, the long distance industry is described as “going through wrenching changes,” facing “a spate of bad news” due to forced office closures and massive employee layoffs as competitors’ costs rise and profits plunge (Berg, 1985b). Telecommunications analyst Kenneth M. Leon is cited in this story, calling these difficulties evidence of “competition in its clearest form—not only the benefits but also the downside.” Despite the wide-ranging and influential costs of this level of competition,

the turmoil is framed as a necessary byproduct of deregulation, although the benefits are acknowledged to be distant.

Customers, while sometimes benefiting from these competitive battles, are vulnerable to higher prices generated by shifts in the subsidy system—shifts that are framed as inevitable due to the development of competition. William Stump, vice president of AT&T, articulates this in a 1981 *New York Times* article, stating, “In a competitive environment, you no longer have the luxury of social pricing policy” (Pollack, 1981a). The story explains that due to competition in the long distance market, “revenues from local service must rise to cover local costs—even if it means forsaking the principle of universal service.” Subsidized local calling is transformed in this rhetoric from a basic public good into a luxury, something no longer affordable in the newly competitive environment. Another *Times* article describes the FCC access charge plan and the impracticality of the longstanding subsidy system: “Growing competition in providing long distance service, and the coming breakup of the American Telephone and Telegraph Company, has made the subsidy an obstacle to lower rates for the competing long distance carriers” (Pollack, 1983b).

Despite Congressional efforts to preserve low pricing in local calling, sharply rising rates are portrayed as “virtually inevitable because of the profound changes that have occurred in the technology, organization, and regulation of the nation’s communication companies” (Burnham, 1983b). Advances in technology and the growth of competition in the market are framed as inexorable forces that will bring about the end

of subsidized local calling, as companies are “forced to replace equipment much more quickly than in the days when there was no competition” (Burnham, 1983c). The connection between rising rates and competition is unquestioned here, and attempts to preserve low local rates are attacked as unrealistic and ultimately harmful to the telephone system. A *New York Times* article appearing late in 1983 discusses the phenomenon of bypassing, as large companies use new technologies to make calls and transmit data without the telephone system. This phenomenon is blamed by critics on the subsidy system, which must be alleviated with access fee charges: “[I]f the subsidy system is not eliminated, and if heavy long distance users such as big business are not given some relief, they will desert the system in droves, raising rates for remaining users” (Pollack, 1983d). Henry Geller of the Washington Center for Public Policy Research is cited in this story, explaining that Congressional attempts to postpone or eliminate the access charge “will hold down rates for awhile, but it puts an enormous cloud over the local system. All you have to do is get some of those guys to leave the system, and everyone who is left is stuck.” Although Congressional efforts to restrain local rate increases may be well intentioned, they are described as ultimately backfiring, causing local rates to rise regardless.

This new, challenging world of competitive telephone service requires leaner, more strategically minded companies, as seen in coverage described above, and also requires more knowledgeable, active consumers. Although local rate increases are framed as an inevitable, natural consequence of competition, consumers may take action to

reduce other components of their telephone bills. A variety of articles appear in the divestiture period, advising consumers on how to take advantage of new opportunities, including purchasing a telephone or choosing a cheaper long distance service (Kerr 1983; Belkin 1984; If You're Ready to Buy a Phone 1984). Increasing choices in equipment and calling plans are described as confusing, but brimming with opportunities for consumers to lower their monthly costs. A 1983 *US News and World Report* article reports that “consumers and business—long accustomed to having the local telephone firm meet all their needs—will have to cope with a dizzying array of services and equipment” (Taylor, 1983a). Noting that analysts say consumers will “eventually” benefit from deregulation, the article goes on to explain that “sharp-eyed consumers who cut through the confusion can save up to 40 percent on the cost of equipment and service.” So far, the story concludes, “the general public has been slow to jump at the opportunity to cut its telephone bills” (Taylor, 1983a). Here and in other coverage, the onus is put on the consumer to actively research different types of equipment and service, in order to truly take advantage of the choice and savings offered by competition. Like companies in the post-divestiture era, consumers must be cannier than in the past, looking after their interests more shrewdly. A few months before the divestiture, the breakup is described as “sowing confusion and opportunity in almost equal amounts,” while “leav[ing] long distance users with a plethora of choices, despite frequently busy lines and less-than-perfect connections” (Taylor, Schiffres & Hildreth, 1983). Although service offered by many of the new long distance competitors is inferior, “savvy” consumers can still “reap

the rewards of competition” taking advantage of greater choices and opportunities to consume new products and services (Schiffres, 1984b). Innovation and choice are presented as the leading advantages of the divestiture for consumers, who are portrayed as bearing a greater responsibility for their wellbeing than in the past. Angelo J. Aponte, commissioner of the New York City Department of Consumer Affairs, sums up the inevitability of the situation, stating, “Although we may all fondly remember the old phone system, deregulation is here to stay...Caveat emptor, buyer beware, has never been more true. We must now all learn a whole new host of consumer skills” (Belkin, 1984).

This general section discusses the fundamental components of the pro-deregulatory discourse surrounding the AT&T divestiture. Especially in early coverage, government involvement in the market is framed as inefficient, antiquated and perhaps harmful to US economic growth. Drawing upon metaphors of freedom and nature, this discourse portrays industry as “shackled” by government regulation, artificially restrained from fully participating in the market. Many of the spokespersons featured in these articles are in fact representatives of the government, not private industry, indicating strong support for deregulation in the Reagan Administration. The majority of the discourse in this category, however, focuses on the advantages offered by deregulation, rather than explicitly attacking government intervention. Deregulation is closely associated with competition, decreasing rates, and technological innovation, offering the consumer a wide array of options in calling plans and equipment, and it particularly focuses on the anticipated competition between AT&T and IBM, frequently implying that

one of them will eventually dominate the emerging information industry. Coverage of these two companies also expresses the need for a new paradigm of antitrust, one in which company size does not preclude competition, but instead indicates a company's resourcefulness and ability to effectively compete. In short, this coverage suggests that size should not be punished. Finally, this section addresses media discourse on some of the harsher aspects of deregulation, such as violent industry consolidation and rising rates. The coverage examined here does not question the premise of deregulation, and frames its negative consequences in terms of natural evolution. The free market is often metaphorically described as a state of nature, where competitors must exercise self-discipline and take risks in order to succeed, and tumultuous industry conditions and consolidation are inevitable. In this way, negative aspects of deregulation are naturalized and treated as inescapable consequences of the efficient rule of the market.

Conclusions

This chapter examines the shifting roles of the state in the public discourse surrounding the AT&T divestiture. Analysis of the media coverage of the divestiture reveals three principal discourses. In stories between 1980 and 1984, the state is often invoked as a protector of the public interest, actively intervening in the market in order to promote fair competition and reasonable prices. Judge Harold Greene and Representative Timothy Wirth are principal actors appearing this discourse, which is represented in all three of the publications surveyed, but proportionately is most visible in the *New York*

Times. During this period, many regulations on the telecommunications industry were lifted, but this deregulation is not framed as a subtractive process simply requiring the government to recede from the market. Instead, government oversight is portrayed as essential for the transition to a deregulated environment. During the access fee debates, before the divestiture, government representatives—especially members of Congress—are framed as protectors of consumers, attempting to shield their constituents from rising local telephone rates. After the divestiture at the beginning of 1984, however, this discourse of a rightfully protective government fades dramatically, despite continued concern over rising rates, declining service quality, and chaotic industry conditions. Overall, this is the weakest of the three main discourses, appearing the least and having only a small number of high profile spokespersons.

The second principal discourse identified in this analysis reveals the anxiety surrounding the divestiture in public discourse. This coverage largely appears in the *New York Times*, followed at a distance by *US News and World Report*, which publishes several readers' letters that are scathingly critical of the divestiture decision. The government's deregulatory choices are implied to be foolish, risking a telephone system that is already highly serviceable. Fears and complaints about the divestiture focus on rising rates and the potential demise of universal service, as well as consumer confusion, industry turmoil, and degrading service and equipment quality. Reports of these concerns accelerate in 1982, after the initial settlement agreement is announced, and are especially concentrated directly before the divestiture, during the latter half of 1983, but they

maintain high visibility into 1985, the last year studied. Some of these negative frames are associated with specific stakeholders, such as representatives of consumers' organizations, but a considerable amount of them appear unattributed to a specific source.

Despite the strength of these competing perspectives, discourse that frames deregulation as beneficial and necessary generally maintains its prevalence throughout the six years studied. Deregulation is celebrated slightly more than it is feared in public discourse, although the intense discourses of anxiety constitute a significant alternative framework between 1982 and 1985. This discourse is especially visible in *US News and World Report* and *Newsweek*, especially in articles detailing the various consumer benefits associated with deregulation, such as innovative new services and lower long distance rates. In early examples of this pro-deregulatory discourse, the state is often framed as an obstacle to the economic and technological progress promised by deregulation. The market, free of government interference and oversight, is constructed as a state of natural opportunity and competition, stimulating innovation and rewarding those companies that are the most efficient and willing to take risks. This *laissez-faire* environment is governed by the invisible hand of free market logic, ultimately benefiting the government with a stronger national economy while giving businesses the incentive to fiercely compete for customers, who enjoy lower prices and greater service options. These characteristics are all primary components of a resilient discursive paradigm that successfully overcomes competing discourses, even those that are directly dissonant with the assumed superiority of deregulation.

Coverage from the *New York Times* appears in nearly every thematic category, but is especially likely to promote discourses reinforcing the protective role of the state and describing the multitude of anxieties surrounding deregulation. In this way, the *Times*' coverage is the most pointedly critical of the trend away from state oversight, focusing on fears of rate increases and unaffordable telephone service. *US News and World Report* and *Newsweek* are most likely to represent the many consumer benefits of deregulation, especially in predictions of new products and services, and also tend to focus on portrayals of the dramatic struggles of free market competition. Generally, the two newsmagazines feature shorter, less detailed articles and emphasize new opportunities for consumers such as emerging telephone technologies. The *Times*, which has long been considered a source of elite news coverage, often setting the tone for other press outlets, tends to represent a greater variety of discourse. Gitlin (2003) suggests that other news producers may look to this elite coverage, including choices of frame and certification of an issue's importance, and adapt their own stories to specific audiences (p. 99). This reliance represents the horizontal spread of news stories between organizations. In the case of the AT&T coverage, there is some agreement among the coverage from the different publications, but the tone of the newsmagazines is much more consumer and technology oriented. Whereas the discourse of the *New York Times* represents the struggle of frames within elite discourse, *Newsweek* and *US News and World Report*, more massified publications, offer less variance in perspectives and greater focus on consumerist definitions of the public interest.

This analysis argues that certain discursive strategies visible in the media coverage surrounding the AT&T divestiture contribute to the success of this dominant deregulatory discourse. First, the discourse supporting reduced state involvement tends to frame the state as either an obstacle to progress or as generally irrelevant. Government interventions, such as universal service programs and antitrust investigations, are framed as unfairly limiting the potential of the market, punishing those companies that achieve greatness and protecting businesses that are inefficient and undeserving. Attempts to keep local rates affordable are portrayed as an obstacle to lower long distance rates, and the inherent fairness of cost-based pricing of local service is framed as worth the loss of traditional universal service benefits, which unnaturally distort rates. The free market is simultaneously constructed as wholly self-regulating through the rational, universal laws of supply and demand. In this paradigm, the market naturally solves problems currently addressed through state regulation. It is assumed that competition will eventually bring prices down, negating the need for universal service efforts, while consumer exploitation will be punished, as consumers naturally migrate to those companies that serve them best. As the protective role of the government recedes in public discourse, the onus is on the individual to seek the best service and lowest prices, and press coverage implies that the post-divestiture era will require a new, more ambitious breed of consumer. The deregulated market is portrayed as bringing unprecedented opportunity and choice for telephone customers, and these benefits are represented as at least partly mitigating the threat of higher prices, as long as consumers are willing to embrace the competitive

paradigm and actively seek the most efficient service plans. Institutional responsibility fades in this discourse, which emphasizes individual agency, a key component of the market led regulatory paradigm. Community-oriented definitions of public interest—such as the promotion of robust, universally affordable telephone service—are supplanted, as the public interest is redefined in terms of economic growth and opportunities to consume new products and services. The language of this coverage also reinforces the identity of individual telephone users as consumers of goods and services, discouraging the notion of telephone service as an essential public utility.

Another important component of the market led paradigm is the construction of the market as a state of nature, subject to Darwinian laws of survival. Metaphorical language describing the bloodbaths of competition and the unshackling of business effectively rationalizes the market as a natural and inevitable model of non-regulation, while also acknowledging negative aspects of deregulation, such as tumultuous industry conditions and consumer troubles. The unregulated market is portrayed not as a specific policy choice, but as something without artifice, what is left after the constraints of government regulation are lifted. Additionally, the market is implied to be an atmosphere encouraging self-reliance, responsibility, and efficiency on the part of both producers and consumers, who co-exist in a balance of power. Negative characteristics of the free market are treated as either inevitable bumps on the road to progress or as rightful retribution. Companies are exhorted to be lean and mean, trimming workforces and costs to be as competitive as possible. Consumers are similarly urged to be more active and

strategic, so that the onus of finding low cost, quality service and equipment is put on to the customer, who is assumed to have many choices as well as necessary access to information. Companies that fail in the market are presumably inferior to those that succeed, and conditions such as the massive shakeout in the long distance are simply the evidence of the invisible hand of the market separating the wheat from the chaff. Mergers and consolidation are framed as inevitable conclusions in this paradigm, and are even portrayed as beneficial, as the less efficient providers are eliminated or absorbed into larger, more successful companies. The state of open competition between many different companies, which is portrayed as benefiting consumers with lower prices, is predicted to be only a temporary phase. Ultimately, the coverage promoting market led regulation implies that only the largest companies can effectively compete, framing consolidation and oligopoly as the natural course of the market. It is unclear in this discourse, however, how consumers will benefit from this trend.

Interestingly, the battle predicted between AT&T and IBM, a benefit associated with deregulation, failed to materialize. When AT&T was freed to pursue its interests in the computing industry, there were many predictions of Ma Bell finally providing some effective competition against IBM. Later *New York Times* coverage indicates that neither company was perceived as especially skillful in entering the other's business (Sanger 1985; Pollack 1985). Predictions that AT&T and IBM would engage in a colossal battle for the dominance of the emerging information industry were dramatically miscalculated, based on the assumption that the two companies would naturally compete, rather than

strategically focusing on their established interests. Although press coverage acknowledges that “the contestants have tripped before leaving their corners” the predictions of competition are simply pushed farther into the future (Pollack, 1985).

With these discursive strategies, the market led paradigm of discourse remains strong in the face of dissent. Government regulation is either directly attacked or framed as irrelevant, and negative aspects of deregulation are absorbed, re-framed as inevitable but bearable inconveniences that must be borne in the process of transition to deregulation, or as evidence of the natural and ultimately beneficial law of the market. Through this discourse, the market led regulatory paradigm asserts particular moral values similar to those described by George Lakoff in his analysis of the conservative moral framework. Self-reliance on the part of both consumers and businesses is rewarded, while the protection offered by government regulation—such as AT&T’s protected monopoly—is seen as destructive, leading to weaker companies. This is visible in the coverage of AT&T’s troubled entrance into unregulated markets, as the company is framed as needing to become leaner and fitter, emerging from its protective cocoon of government regulation. Universal service subsidies are also portrayed as unfair, potentially rewarding the undeserving consumer, who should take action and hunt for better deals, taking proper advantage of the competitive market, where choices are assumed to abound. Government efforts to preserve low local rates are also portrayed as inevitably backfiring—a trait noted by James Aune in his rhetorical analysis of market discourse. Hardship, such as the chaotic industry conditions, is viewed as an effective

means of instilling moral values such as efficiency and hard work, and those companies that succumb have proven themselves unworthy. The world is presumed to be naturally tough and fiercely competitive, requiring moral strength to survive; if government attempts to cultivate greater industry stability, protecting smaller competitors, this is unnatural and immoral, according to this paradigm.

The next chapter will explore the shifting role of government in the discourse surrounding the 1996 Telecommunications Act, passed twelve years after the divestiture. Analysis of the media coverage of the deregulatory legislation and its perceived effects shows how assumptions about the rightful role of the state and the public interest changed over time. In this public discourse, the role of the state is increasingly limited and compartmentalized, and also more vehemently attacked than in coverage of the AT&T divestiture. Like the breakup, the Act also inspires anger, doubt, and anxiety, but the unexpected and undesired results of the Act are largely blamed on the government's involvement, while increased deregulation is framed as a solution.

CHAPTER FIVE: THE 1996 TELECOMMUNICATIONS ACT

The 1996 Telecommunications Act represents another watershed moment in US policy history, broadly changing the regulations governing the broadcast, telephony, cable and Internet industries. Passed twelve years after the AT&T divestiture, the Act embodies deregulatory trends that have been gaining strength for decades, and is the first major change in telecommunications policy since the Communications Act of 1934. Whereas the AT&T divestiture significantly changed the landscape of the telephone industry, the 1996 Act profoundly altered the rules governing radio, television, cable, and telecommunications. The press coverage of the Act and its aftermath reveals some dominant assumptions about the role of the government during this period, as deregulatory fervor peaked.

Longitudinal analysis of these print media discourses during the AT&T divestiture and the 1996 Telecommunications Act offers insight into evolving public concerns with free market policy and the changing role of the state in the emerging deregulatory regime. As industrial and technological conditions changed, particular views of the state and its desired roles became more acceptable than others. The trend towards reduced regulation is not homogeneous in news surveyed here, however, and a variety of tensions are evident in both the AT&T and 1996 Act coverage. This chapter examines how discourse supporting a market led regulatory paradigm prevailed over significant competing discourses, noting differences and trends in the coverage of the two periods.

Like the AT&T divestiture, the 1996 Telecommunications Act generated a multitude of anxieties that appeared in news stories—in the coverage surrounding both the AT&T divestiture and the 1996 legislation, the road to deregulation is not portrayed as consistently smooth. While concern over the dangers of deregulation and divestiture peaked directly before and after the AT&T breakup, fears surrounding the 1996 Telecommunications Act mounted in 1997, a year after the legislation's passage, and continued through 1998. These anxieties focused on the Act's failure to create competition in local telephone service, and on the intense consolidation attributed to the Act's relaxation of ownership rules—conditions that became increasingly evident in the years following the legislation's passage.

In the AT&T divestiture discourse appearing after the 1984 breakup, the fears of declining customer service and skyrocketing prices due to deregulation were not portrayed as having a clear solution. Instead, the confusion and customer dissatisfaction surrounding the divestiture and associated deregulation is gradually naturalized in press coverage, portrayed as a byproduct of the ultimately inevitable transition to competitive markets. Simultaneously, government intervention intended to protect the consumer from the negative side effects of divestiture recedes as a viable option in press discourse—one example of this is seen in the eventual acquiescence to the controversial Federal Communications Commission (FCC) access charges, which had been strongly opposed by members of Congress in 1983 but were represented as inevitable by 1985. The frame of the government as a protector of consumers fades dramatically, while other news

coverage celebrates the advantages to be reaped by the savvy consumer in the new environment of competition. In this way, responsibility is shifted to consumers, who must look after themselves in the newly deregulated market, and government intervention is portrayed as inappropriate. In coverage of the 1996 Act, a similar framing shift occurs. Analysis of news stories published in 1997 and 1998 reveals a variety of dissatisfactions with the perceived results of the legislation, including concern over rising mergers and continuing lack of competition in local telephone markets. Although these concerns could be framed as reasons for increased government intervention, they are not. Instead, some of the unintended consequences of the Act such as intense industrial consolidation are naturalized in later coverage as inevitable, and eventually are even celebrated as necessary for effective competition. In other cases, disappointments such as the ongoing lack of competition in local telephone service are blamed on the government's stifling involvement in the deregulatory process, so that a more complete removal of government influence is framed as the best way to achieve the Act's goals. As in the case of the AT&T divestiture coverage, the frame of the government as a potential protector of consumers recedes, so that the invisible hand of the market is increasingly portrayed as the appropriate custodian of consumer interests. In both cases, the discourses of market led regulation work effectively to absorb and re-frame the fears associated with deregulation, but with different discursive strategies.

The first section of this chapter provides a brief overview of the 1996 Telecommunications Act, including the influences governing its formation, and its

general policy intentions of encouraging competition and reducing government interference in the telecommunications and broadcast media markets. This overview helps to historically contextualize the analysis of press discourse that is the core of the chapter. Following this general summary of the legislation, the section explains the research methods used for this analysis of public discourse and summarizes the primary popular discourses surrounding the 1996 Act, drawing on news coverage from the *New York Times*, *Newsweek*, *US News and World Report*, and *Wired Magazine*. These include the construction of the government and its representatives as an obstacle to market-led progress, as protectors of the public interest, and as the authors of unintended, negative consequences attributed to the legislation. The second, third, and fourth sections of the chapter provide a detailed discussion of these principal discourses of government identified in the press coverage, examining how each of these three basic constructions of the state shifted over time, contributing to the support of a market led regulatory paradigm. The fifth section addresses another significant pattern identified in the press coverage, discussing the ways in which mergers and consolidation, initially presented as unwanted side effects of deregulation, were eventually justified in later news stories.

The sixth section concludes by comparing the dominant discourses of government in the AT&T divestiture press coverage with those found in the news stories surrounding the 1996 Telecommunications Act. This final section describes how portrayals of the state and its representatives shifted during and between these two important policy moments, so that despite a variety of ongoing fears and public dissatisfaction with the

effects of deregulation, government intervention became increasingly less viable as an option in press discourse, while reduced regulation is naturalized as inevitable and necessary. This shift, which occurs more visibly in the coverage surrounding the 1996 Telecommunications Act, demonstrates the momentum of deregulatory policy in national press discourse, as represented by the publications examined here. Analysis of the news coverage of these policy moments also reveals certain tensions surrounding these two periods of deregulation. While government intervention is frequently discredited in both periods of coverage, there is a significant pattern of articles portraying the government as a necessary protector of public and consumer interests. The press coverage examined here also reflects a strong sense of anxiety and disappointment accompanying both instances of deregulation. The concluding section of the chapter compares the tensions evident in both periods of news coverage, and examines how the unexpected and unwanted consequences of the divestiture and the 1996 Act were rationalized in press discourse while frames of necessary and beneficial government regulation were eventually eliminated.

Historical Context: An Overview of the Act

The 1996 Telecommunications Act was intended to address the changing landscape of the US telecommunications and broadcast industries and their advancing technologies. Digital convergence blurred traditional distinctions among communications media and delivery systems, and the Act was meant to respond to this convergence, while

stimulating competition in local telephone markets and in emerging broadband services. Many traditional cross-market barriers were abolished, allowing cable operators and other public utilities to offer telecommunications services, and allowing common carriers to provide video services on a nondiscriminatory basis. Ownership caps on broadcast stations were significantly raised, so that group television station owners could own stations reaching up to 35 percent of the US population, and national ownership caps on radio stations were lifted completely²⁶. The Act eased license renewal requirements, lengthening the renewal period while providing little guidance to the FCC on the enforcement of a public interest standard, so that the traditional concept of the public interest obligation of broadcast stations became increasingly malleable. The FCC was also to allocate extra spectrum space for incumbent television license holders, in order to encourage the development of advanced television service.

The Act preserved basic universal service obligations, but did not extend universal service policies to advanced services, such as Internet connectivity. In terms of institutional universal service, the Act supported the connection of schools and libraries to advanced telecommunication services, to be paid for with access fees assessed to long distance phone calls. This subsidy, popularly called the e-rate, was intended to bring certain institutions across the country online, although it did not address issues of teacher training or other education needed to address access issues. The Act preserved

²⁶ The FCC raised this cap on television station ownership concentration in 2003, allowing owners to reach up to 45 percent of the population. After public protests, Congress voted to reduce this new cap in 2004, so that station owners were only permitted to reach 39 percent of the population.

Congress's role as the dominant policy maker, and required significant changes in FCC rules and regulations, so that implementation of sections of the Act was delayed while the FCC enabled these mandated policy changes. Finally, some of the more publicized sections of the Act addressed media content issues. The Communications Decency Act (CDA) attempted to hold Internet service providers responsible for obscene material knowingly transmitted online, but was struck down as unconstitutional in June of 1997. The Act also required television manufacturers to begin producing sets with "V-chips," a means for television content to be blocked according to the choices of the individual consumer. In accordance with this requirement, the television industry was asked to voluntarily create a rating system, so that parents could identify programs by their violent, sexual, or otherwise potentially offensive content.

The Telecommunications Act of 1996 required the FCC to revise old rules and regulations, devising new mechanisms for the agency to supervise the orderly transition to newly competitive markets. In addition, the FCC was expected to establish the means for collecting funds for the Universal Service Fund created by the Act, and decide which local telephone companies might contribute and benefit from this fund. These and other decisions challenged the FCC long after the Act was actually passed, leading to criticisms of the Act's ambiguity and the FCC's slow implementation of the Act's vague mandates. Finally, court disputes initiated by private firms also delayed the realization of the Act's goals—one example of this is seen in the cases filed against the FCC by some of the

regional Bells, as the local incumbents protested the FCC's conditions for the Bells' entry into long distance markets.

The Telecommunications Act of 1996 was meant to stimulate greater competition, ideally resulting in decreasing prices and accelerating technological innovation, as companies battled over customers. Instead, the Act is considered to have brought about an intense degree of industrial consolidation, both vertically and horizontally integrated, due to a series of mergers that closely followed the bill's enactment. The decreasing number of players in the telecommunications industry surprised and dismayed many observers, including members of Congress who had voted for the legislation. Promoters of the bill had hoped the removal of cross-market restrictions and ownership caps would encourage companies to explore new markets and devote more resources to technological innovation, but many companies instead pursued greater security in the market through increasing their size. Rupert Murdoch, head of the gargantuan NewsCorp conglomerate, characterized this consolidation as inevitable, stating "We can join forces now, or we can kill each other and then join forces" (Quoted in McChesney, 1998).

As shown in the media coverage discussed later in this chapter, this industrial concentration was often justified as a necessary survival strategy for companies wishing to maintain dominance in the newly competitive markets. Mergers and consolidation were viewed as logical strategies for companies facing increasing global competition as well as the market challenges presented by rapidly converging technologies. As in the discourse surrounding the post-divestiture consolidation of the telecommunications

industry in the 1980s, bigger companies were often viewed as potentially more stable and capable of successfully addressing the trials of the rapidly expanding information economy. Patricia Aufderheide (1999) refers to companies' mobilization of this rationale in legislative circles, observing, "the Act had encouraged cross-ownership and concentration of ownership, in an atmosphere which, industry participants assured legislators at hearings, size mattered. Only large players could attract the investment capital needed to take new risks" (p. 89). While critical perspectives on consolidation are visible in early coverage of the 1996 Act examined in this chapter, later press discourse focuses on the necessity of mergers, touting the benefits of consolidation and rationalizing this unexpected consequence.

The 1996 Telecommunications Act has produced mixed results, at best. For many citizens, it led to rising prices and less choice of telecommunications providers²⁷.

Broadband service has grown since 1996, but is far from universal, with demographic factors of age, education, wealth, and geographic location significantly influencing chances of access. Competition in broadband is being discouraged by the maneuverings of the Bell companies and industrial consolidation, while broadband prices remain high.²⁸

Competition in local telephone service continues to be limited, as many CLECs choose to

²⁷ Tables 8 and 9 illustrate how average local telephone service rates have risen during several years after the Act's passage. Table 10 provides a list of major mergers and acquisitions pending directly before passage of the legislation, and occurring in following years.

²⁸ After satisfying requirements to enter long distance markets, local incumbent telephone companies began to offer high-speed data service, becoming aggressive players in this lucrative and highly desirable market and often discouraging competition.

pursue more profitable markets providing service to large business and institutions.²⁹

While some argue that the spate of mergers following the 1996 Telecommunications Act was necessary and good for competition, these benefits do not appear to have trickled down to consumers. In these ways, the deregulation of the Act has proven to be largely unsuccessful in terms of serving traditional notions of the public interest as a means of nurturing of civil society through the development and preservation of a robust, generally accessible communications network. In addition, the Act has also failed to fulfill the promises originally touted by the Act's supporters—consumer benefits that implied a more recent conceptualization of the public interest as related to competition, lower prices, and the opportunity to consume innovative technologies.

Formation and Influences of the Act

The formation of the Act was marked by considerable lobbying, which was later noted in news stories. (Apple 1997; Natta & Drew 1997, Vogelstein 1997; Romano 1998). Incumbent cable operators, local telephone providers and broadcast station owners attempted to advise legislators on many aspects of the legislation, and the resulting law has been perceived as strongly favoring the incumbents, despite its purported intention of introducing competition. Martin Gilens and Craig Hertzman (2000) describe the bill's stakes, and the lobbying it inspired:

²⁹ CLEC refers to Competitive Local Exchange Carriers. Companies that are established as the traditional local telephone service providers—typically, the Baby Bells—are referred to as ILECs, or Incumbent Local Exchange Carriers.

Taken as a whole, the Telecommunications Act of 1996 was highly favorable for corporations with interests in television and radio broadcasting. Chief among those that stood to benefit from this bill were corporations that were close to exceeding ownership restrictions in television and radio broadcasting. It is not surprising that these corporations lobbied extensively for certain provisions to be included in the final bill (p. 373).

Aufderheide's analysis of the Act and its development concurs with that of Gilens and Hertzman, as she suggests that the legislation was strongly influenced by media and telecommunications industry incumbents, to their benefit (1999, p. 80). Additionally, Case (1998) argues that public interest advocates were deliberately shut out of negotiations surrounding the formation of the Act in 1995, which occurred in closed meetings between members of Congress and telecommunications industry representatives. The stories retrieved for this analysis of public discourse demonstrate a notable absence of a popular voice, especially in contrast to the coverage surrounding the AT&T divestiture, where telephone customers and small shareholders are interviewed, and the interests of the "little guy" and ordinary consumer are frequently invoked. News covering the 1996 Act largely focuses on criticism of government intervention while the benefits of deregulation to individual consumers—loudly heralded in stories on the divestiture—are less visible. In this way, the voice of the common citizen is generally not represented in this coverage, except in articles citing consumer interest groups.

In his analysis of the legislation and its media coverage, critical scholar Robert McChesney (1998) suggests that the basic premise of market-directed regulation was

assumed, so that the primary conflicts during the Act's creation focused on which incumbents would most benefit from these deregulatory reforms. He states:

That the corporate sector would control all communication was a given; the only fight was over which sectors and which firms would get the best deals. The public was for the most part unaware of these debates. The drafting and struggles over the Telecommunications Act of 1996 were hardly discussed in the news media, except in the business and trade press, where the legislation was covered as a story of importance to investors and managers, not citizens, or even consumers (1998).

That a deregulated communications market would produce the greatest efficiency in resource allocation, pricing, and technological innovation was unquestioned, McChesney argues, although the government would assist in the regulatory transition, in order to encourage competitive markets.³⁰ McChesney suggests that the formation of the Act was generally not covered in mainstream press, an argument supported by the present research, which has observed no significant mentions of the Act in general interest newsmagazines *Newsweek* and *US News and World Report* prior to the actual passage of the Act, nor any stories occurring on the front pages of sections of the *New York Times* in the period of the Act's development. In an analysis of newspaper stories on the Telecommunications Act, Gilens and Hertzman (2000) argue that newspapers owned by media conglomerates also owning television stations were less likely to report on the legislation's potential negative effects (p. 379-380). The authors suggest that because the

³⁰ This argument may over-generalize, as even early coverage of the Act's passage notes the resistance and dismay of public interest groups and Internet activists. Much of this resistance, however, appears centered on the controversial CDA, rather than upon the bulk of the Act's provisions, which dealt with the regulation of industry structure rather than with content. (Levy, 1996a).

final form of the Act strongly favored incumbent broadcast owners, this influenced media coverage produced by companies owning broadcast stations to downplay potential criticism. They conclude that their study “provides systematic evidence that the financial interests of media owners influence not only editorials but straight news reporting as well,” so that the consolidation and cross-ownership resulting from the Act potentially increases the likelihood of news bias (p. 383).

McChesney (1999) and Ben Bagdikian (2004) focus on private companies as the virtual authors of the Act, generally eliding the participation of other interests in their analyses. McChesney suggests that the legislation did not occur “naturally” and observes, “The media system exists as it does because powerful interests have constructed it so that citizens will not be involved in the key policy decisions that have shaped it” (p. 16). Although the eventual outcome of the Act strongly favors incumbents who actively lobbied for particular choices embodied in the final legislation, McChesney’s analysis implies an overly simplified power relationship, attributing a great deal of direct control by media firms in the policy process.

The present analysis does not dispute the considerable power of private companies in the legislative process of the Telecommunications Act, nor does it dispute the power of media firms to shape the news surrounding the Act in an attempt to influence public perceptions. At the same time, this chapter suggests that the processes and forces surrounding the Act and its implementation are more complex, representing a variety of discourses on the state and its responsibilities, and the virtues and dangers of

increasing deregulation, privatization, and commercialization. Certain discourses coalesced, potentially contributing to an environment conducive to particular policy trends, such as those made in the actual implementation of the Act. Contradicting discourses are also available in the mainstream media, however, and the unexpected results of the Act were strongly criticized by legislators, media owners, and representatives of public interest groups. Eventually, however, these criticisms were dominated by a public discourse that justified the unintended consequences of the legislation, rationalizing mergers, consolidation, and higher prices as necessary to the emerging information economy. In this way, the decisions that made up the Act and led its implementation were not simply the product of certain dominant media and telecommunications companies or legislators, but represent a series of choices, dissenting opinions, and strategies within dynamic discursive environments where certain options and definitions gained precedence over other alternatives. The examination of dominant frames available in mainstream news coverage of the Act demonstrates how this struggle and negotiation occurred in public discourse, illustrating how the assumptions of the market led regulatory paradigm prevailed.

Methods

Research for this study sampled articles from three mainstream print media news sources: *The New York Times*, *Newsweek*, and *US News and World Report*. In addition, articles were sampled from *Wired Magazine*, a publication devoted to cultural, political,

and economic aspects of new media and convergence. The first three publications were chosen for their national perspective and established identities as popular, high-circulation print news sources appealing to varying audiences, with the *New York Times* appealing to a generally wealthier, better educated demographic. *Wired*, known for its libertarian and techno-utopian leanings, is much more specialized than these general interest publications and was selected to provide an alternative perspective, representing a prominent voice in the new economy of the 1990s.

Archived articles from the *New York Times*, *Newsweek*, and *US News and World Report* were retrieved from the Lexis-Nexis electronic database. Searches identified articles published between 1992 and 1998, with the terms “telecommunications act,” “telecommunications deregulation,” or “telecom act” anywhere in the full text of the article. The object of the search was to locate articles containing coverage of the 1996 Telecommunications Act, but search terms were broader, so that coverage of previous drafts of legislation might be identified. Using these parameters, 352 articles were retrieved from the *New York Times*, 22 articles were retrieved from *US News and World Report*, as well as 13 articles from *Newsweek*. *Wired* articles were located on the Wired.com web site, which contains archives of the stories published in the print magazine. Searches of the archive on Wired.com produced 22 articles.

The volume of coverage surrounding the 1996 Telecommunications Act is considerably smaller than that associated with the AT&T divestiture, and very few articles appear before 1996 when the legislation, which had been in development for

years, was finally passed. The dearth of press covering the Act is notable, especially considering its broad influence and historical significance, and there are several potential reasons for the scarcity of this coverage. The complexity of the legislation may have made it difficult to present in a traditional commercial news format, and many of the issues may have seemed less relevant to ordinary news consumers, in contrast to the breakup of Ma Bell, a highly visible American institution with millions of customers and many small shareholders. In addition, the Telecommunications Act directly affected the interests of media conglomerates, often the same organizations responsible for reporting the news of the legislation. This research does not consider ownership to be a consistent, direct factor in newsroom choices, but does assume it can be an influential element, as seen in the research of Gilens and Hertzman (2000).

In the *New York Times*, *Newsweek*, and *US News and World Report*, coverage peaks in 1997, and in *Wired*, the peak year is 1998. Because the search terms used for this chapter's topic are more specific than those employed in examination of AT&T media discourse, fewer retrieved articles were eliminated as irrelevant. Although there are strong basic similarities in the framing of the role of the state in the AT&T divestiture and the 1996 Telecommunications Act, there are also significant differences, which will be discussed in greater detail below. After identifying the basic roles of the state and constructing broad categories to encompass the great majority of the coverage, articles were re-examined, in order to identify consistent appearances of variations within categories and longitudinal patterns of discourse. The primary categories are summarized

below, followed by detailed analyses of the development of each general frame of the role of the government, including how each shifts in quality and magnitude over time. As an analysis of trends in public discourse, this study has various limitations. By choosing to look at primarily wide-circulation, mainstream news sources, the analysis sacrifices the richness of studying a wider range of voices, including more oppositional and critical coverage, such as those that might appear in non-commercial news production. These voices are significantly absent in the stories studied here, which generally do not question the basic premises and assumptions of deregulation and the market-led regulatory paradigm. In this way, public discourse surrounding the 1996 Telecommunications Act is more homogenous than that of the AT&T divestiture, which openly questioned the wisdom of deregulating local telephone service, especially in coverage preceding the breakup. In order to limit the scope of the research, however, the project focuses on only a few news sources, although it must be acknowledged that public discourse can easily encompass much broader horizons.

Primary Roles of the Government in Media Coverage

Coverage of the 1996 Telecommunications Act examined for this research reveals three fundamental roles for the state. The second section of this chapter looks at examples of the state framed as an obstacle to progress, which is represented by deregulation and its expected results of competition, efficiency, and lower prices. The state is described in this coverage as too fond of its own power, and unwilling to bow to the more rational

regulatory mechanisms of the market. This discourse on the government is much more explicitly negative than that of the AT&T divestiture, which is more concerned with enumerating the benefits of deregulation. The state also is framed as an obstacle in AT&T coverage, but the tone of this criticism becomes more severe in stories surrounding the 1996 Telecommunications Act, especially in *Wired*, *US News and World Report*, and *Newsweek*. The third section examines portrayals of the state as a rightful protector of citizens and consumers through its firm regulation of private industry, including the highly regulated process of deregulation, but, as in the case of the divestiture coverage, this discourse of the rightfully protective government is weaker than the other central discourses. In the fourth section, the government is represented as an author of unintended consequences—the negatively perceived results of the legislation. This coverage sometimes overlaps with the theme of the state and its representatives as inept and untrustworthy. These unintended consequences include the lack of progress associated with the Act's aftermath as competition fails to emerge in local telephone markets and as significant sections of the Act are challenged in court. Rising prices and industrial consolidation are also reported as unfavorable results of the legislation. The next section looks at the logic that develops in the coverage of the mounting number of mergers. While consolidation is frequently decried as the opposite of what legislators intended, later rhetoric turns around to justify mergers as a rational and ultimately beneficial response from private industry. In this category of coverage, the public interest becomes linked to the success of the mergers, and the state is asked to relax anti-trust

oversight, in order to promote a competitive and healthy telecommunications industry. Competition, one of the primary goals of the Act, begins to be defined in terms of limited numbers of powerful, heavily consolidated players, rather than as a battle between many competing firms. This shift in merger coverage absorbs some of the anxieties surrounding the aftermath of the Act, discursively supporting market led regulation. The market's natural, inevitable logic is constructed as superior to the government's clumsy efforts at regulation, allowing competitive struggle between giants to benefit consumers.

Government Regulation Obstructing Progress

Articles framing the government and its agents as obstacles often contrast the inefficiency of state bureaucracy with the nimble self-regulation of the market. This discourse mounts in late 1997 and continues through 1998 as the FCC and courts are increasingly criticized for failing to meet the Act's objectives, obstructing the anticipated benefits of deregulation. A considerable amount of this later coverage focuses on the furor over local telephone service, where the introduction of competition continued to be delayed. The press surrounding the 1996 Telecommunications Act is more directly critical of government intervention than the press surrounding the AT&T divestiture. Whereas the AT&T divestiture coverage celebrates deregulation, implying that reduced government intervention is the path to innovation, consumer choice, and a stronger national economy, coverage of the 1996 Telecommunications Act tends to explicitly criticize government organizations. In the Telecommunications Act discourse, the

benefits of deregulation are usually implied but not directly stated, and the government is explicitly portrayed as less capable than the market of assuring the public's interest.

The implied rewards of deregulation are similar to those more expressly described in the AT&T press coverage-- the public interest is constructed in terms of the predicted benefits of competition in the market. These include decreasing prices, technological innovation, and perhaps most importantly, efficient management of industrial growth to help US companies to achieve and maintain dominance in the global economy. Manuel Castells' description of the ideal role of government in *The Network Society* (1996) alludes to this: “[P]olitical institutions, being shaped by a broader set of values and interests, will be oriented, in the economic realm, towards maximizing the competitiveness of their constituent economies” (p. 81).³¹ This “broader set of values and interests” may be interpreted, at least in a representative democratic system, as the responsibilities of the government to its citizens. According to Castells, political institutions may fulfill these responsibilities through nurturing the economic well-being of the nation and allowing national industries to flourish without overbearing state regulation. This both suggests a strong faith in the power of the free market to strengthen national economies and places the public interest in the health of the country's industries, assuming that the growth of these industries may eventually benefit the general population. The articles discussed below, which frame the state as an obstacle to

³¹ Italics are Castells'.

economic and technological progress, often imply this sense of the public interest being served primarily through the success and strength of domestically-based companies.

This section analyzes the discourse of the government as obstacle in three parts. First, the press coverage appearing before the passage of the Act is discussed, focusing on material from *Wired*. Second, examples of this discourse during and after 1996 are examined, including material from all four publications that focuses on a variety of policy issues including government scrutiny of mergers and the suggested relationship between deregulation and improved technological innovation. The third part focuses on the FCC's perceived lack of progress in introducing local telephone competition—an issue that became increasingly central in 1997 and 1998. As the government and its representative agencies are portrayed as ineffective and potentially harmful to the economic and technological progress of the nation, deregulation—or as Vincent Mosco (1996) might argue, a switch to market regulation--appears as the key to ensuring the country's success in the new information society. Taken together, these discourses that frame the state as an obstacle to progress, while conflating deregulation with increased competition, national prosperity in the global economy and technological innovation, form a set of related assumptions that constitute the market led regulatory paradigm. This research argues that the discursive strategies associated with this paradigm contribute to its success in prevailing over significant competing discourses, which frame the state as a rightful source of market regulation, or construct the effects of deregulation as potentially harmful. The second, third, and fourth sections of this chapter explain how public

discourse supporting market led regulation absorbs and re-frames competing discourses, focusing on shifts in the construction of the state's rightful role. This analysis of discursive strategies draws upon the theories of political and public discourse put forth by Todd Gitlin (2003) and William Gamson (1988; 1992). In addition, it builds upon the work of James Aune (2001), who critically studies the rhetoric of the free market, as well as that of George Lakoff (2002), who examines the discourse of regulatory decisions in order to theorize a coherent moral framework underlying deregulation.

Before the Act

Coverage of telecommunications deregulation and proposed legislation before the actual passage of the 1996 Act appears in *Wired Magazine*, but is not present in the searches performed for the other three publications, which only reveal articles published after the signing of the Telecommunications Act. The *Wired* articles are usually considerably longer than those appearing in the other three publications, with more visibly opinionated analysis. These articles focus on the revolutionary nature of emerging information and communication technologies and frequently suggest, implicitly or explicitly, that new technologies necessitate a new policy paradigm, including the radical reduction of government oversight in the market.

“Universal Service (An Idea Whose Time Is Past),” a 1994 article in *Wired*, discusses the telecommunications reform bills in Congress, specifically criticizing concern for the preservation of universal service (Browning, 1994). According to the article, these concerns are based upon antiquated assumptions about emerging

information and communication technologies. Universal service plans are described as “profoundly incompatible” with the introduction of competition, and bills promoting universal service obstruct the progress of the economy.

[A] return to the traditions of universal service—to services defined by government mandate, often made cheap by cross-subsidy—may bring back more of the past than even its staunchest supporters would like: equality, yes, but also fewer choices, fewer and bigger companies, and fewer opportunities for innovation. It could, in fact, derail the entire information economy (1994).

Current universal service subsidies are decried as “a deceptive and distorting tax,” so that “accurate pricing” is more desirable than “social convenience.” The public interest is placed squarely in the hands of the market, and potential economic growth and technological innovation are held up as superior to the social good of communications accessibility.³² A deregulated telecommunications market is portrayed as ultimately more beneficial than government-mandated programs. These perceptions are echoed in another *Wired* article, which focuses on the newly-deregulated telecommunications markets of New Zealand (Johnston, 1995). Titled “Godzone: What Would It Be Like If All Government Regulations Just Went Away...” this story provides several quotations from representatives of US telecommunications companies, who praise New Zealand’s regulatory policy, which is “driven by business realities.” The CEO of New Zealand Telecom, Roderick Deane, suggests that the US should “put a bomb under” the FCC,

³² In discussing social goods, this research draws upon the work of Benjamin Bates (1988), who argues that the private sector cannot be trusted to adequately provide particular goods of ancillary social value. These goods might include universal access to networked communications, or diversity of opinion in mass media.

because “regulations slow the pace of competition.” Again, government regulations are constructed as obstacles to a competitive free market, but this discourse is not entirely coherent—the article also describes the New Zealanders’ frustration at the continued dominance of the incumbent telecommunications company, which is protected from government interference, due to the recent deregulation.³³

Wired articles immediately preceding the passage of the Telecommunications Act continue to strongly represent this discourse of the government as an obstacle to progress, which is associated with technological innovation and logical pricing, among other virtues ascribed to a competitive marketplace. “The Making of the President 2000” discusses Albert Gore’s and Newt Gingrich’s varying visions of the emerging information society, eventually conceding that the two politicians’ deregulatory goals are similar, although each favors a different means of achievement. Gingrich is represented advocating minimal regulation for the good of the economy, arguing, “[I]t’s pretty clear we’re at the point where we ought to just liberate the market and let the technologies sort themselves out over the next 10 or 15 years. Then, maybe, we revisit the question of whether you need regulation. In the near future, though, we should be driving for as little

³³ It should also be noted that the 1990s deregulation of telecommunications in New Zealand maintained a universal service program, under a private contract between the government and the dominant provider, New Zealand Telecom, known as “Kiwi Share.” Under this agreement, Telecom provided local residential telephone service to all existing customers, while not increasing standard fees by more than the rate of inflation, and continuing to offer unlimited local calling. In 2001, dial up Internet service was also included in this provision, and legislation mandated that Telecom’s competitors supplement Telecom’s losses because of service to “commercially non-viable” customers.

regulation as possible” (Helleman, 1995). Government involvement through traditional channels of regulation is framed as hindering the growth of the new information economy, which will develop better if the nation chooses to “liberate” the market—a colorful term similar to ones used in descriptions of the government’s role in the AT&T divestiture. In the same article Gore is excoriated by Internet activist John Perry Barlow as “authoritarian,” and is described as initially touting deregulation in 1994 but then “hand[ing] the wheel to the same directionless congressional barons who’d been trying to rewrite telecommunications law for a decade—and had gotten nowhere” (Helleman, 1995). The state is simultaneously described here as controlling and incompetent. This concept of the authoritarian government is especially present in *Wired* coverage, which frequently ridicules politicians for their attempts to regulate the Internet, a group of technologies popularly associated in this period with decentralization, grassroots community, and self-governance. In this utopian discourse of the Internet, members of Congress, the Clinton Administration, and the courts are framed as uncomprehending of the Internet’s true nature, and stubbornly attempting to retain antiquated power dynamics of top-down control.

One of the most complex examples of this discourse of the state as an obstacle to progress is the *Wired* article provocatively titled “Is Government Obsolete?” The story critically addresses the libertarian views associated with the magazine itself, analyzing the arguments of George Gilder, communication technology theorist. Comparing the operations of the state to those of private business, the author observes that whereas

private entrepreneurs must constantly adapt to competition, the government “seems to grow more bloated and ineffective as its leaders claim they are making it leaner and meaner” (Kline, 1996). The article cites Gilder’s argument--that the surfeit of bandwidth expected from new digital technologies will make traditional regulation, which is premised upon the scarcity in communication channels, obsolete. Although the author seems largely in agreement with Gilder’s characterizations of the state as unfairly restraining business, he ultimately finds that Gilder “confuses free market tendencies with free market realities,” not acknowledging that many businesses may still engage in price-gouging, or “otherwise skunking the consumer whenever they can” (Kline, 1996). With this critique, the author suggests that the state must have a small role in regulation, addressing human endeavors outside the scope of the market. This role is minimal, however, and according to the article, should eventually be taken over by smaller self-governing communities.³⁴ Except for these cases of minimal regulation against abuse of corporate power, government must stay completely out of the market. This is especially important because of the emerging new economy based on information and digital convergence. The new information and communication technologies necessitate a radical revision of policy, as new questions and issues emerge, and Kline is skeptical of the abilities of government representatives to create solutions. He frames the government as self-serving, only moved to support existing dominant interests:

³⁴ Demonstrating *Wired*’s frequently techno-libertarian bent, Kline suggests that traditionally centralized government would ideally some day be replaced by smaller, locally based communities that would be responsible for the formation and enforcement of policy.

[T]he established political system has been unable to offer much innovative thought or policy on these questions—even with self-styled “revolutionaries” such as Newt Gingrich in power. Doubtless this is partly the result of government being mainly in the business of protecting entrenched elites, who not surprisingly tend to look with disfavor upon any social changes that threaten their status (1996).

The government, which is usually presented as a monolithic entity in this story, is framed as homeostatic and unwilling to adapt to new market conditions. Gore and Gingrich, two highly visible proponents of different styles of deregulation, are derided as part of an elitist, centralized bureaucracy, despite their protestations of revolutionary policy change and willing embrace of new technology. Neither can be trusted, and this opinion is echoed in later *Wired* articles.

The Passage of the Act

When President Clinton signed the Telecommunications Act into law in February 1996, the deregulation was hailed in many news stories as heralding a new era of technological innovation and economic growth. An editorial in the *New York Times* by Eli Noam, communications scholar, touted the wisdom of trusting the “invisible hand” (Noam, 1996), while another editorial celebrated the Act for freeing US telecommunications, which was described as suffering from “cramped development” under Judge Greene’s “almost single-handed” regulation (Judge Greene is Disconnected, 1996). A *Newsweek* story by Steven Levy quoted Gore claiming, “the Berlin walls of the telecom industry are going to be brought down as this legislation is implemented” (1996).

Congressional Representative Edward Markey is also cited by Levy, predicting a “fiber-optic free-for-all” from the newly deregulated telecommunications companies, resulting in lower prices and greater choice for consumers. The massive deregulation of the telecommunications market is generally unquestioned, as Levy describes the bill as based upon “the common-sense notion” that increasing competition will result in lower rates and faster technological advances. In each of these examples, the removal of government oversight is framed as inevitably beneficial.

Despite this apparently uncritical view of deregulation displayed in these articles appearing right after the Act’s passage, the ramifications of the free market are quickly acknowledged in other coverage. In “The Politics of Self-Pity,” Robert Samuelson of *Newsweek* refers to the bill as “The Job Insecurity Act of 1996.” Rather than calling on the government to assist those citizens in precarious employment positions, Samuelson frames job insecurity as an inevitable side effect of a competitive market— “[A] society that craves new technologies and services must endure the accompanying upsets” (1996). He criticizes a diverse set of politicians, including Secretary of Labor Robert Reich, President Clinton, Senator Bob Dole, and Pat Buchanan, for attempting to provide “phantom solutions” to the employment problem. For Samuelson, the ultimate source of job security lies in economy’s ability to create new jobs, so the government must focus on bolstering the market. Greater interference in the employment issues caused by the deregulation is unwise because, “sweeping measures to prevent job loss or help laid-off workers are self-defeating, as Europe’s experience shows. They deter firms from hiring

and discourage the jobless from finding new work” (Samuelson, 1996). The tumult caused by the free market must be allowed to naturally run its course, as Samuelson invokes the same Darwinist logic frequently employed to defend the earlier deregulation associated with the AT&T divestiture.

“The Hit Men,” another story in *Newsweek*, also addresses the increasingly visible issue of job insecurity, describing how telecommunications companies are coping with the newly competitive market. Any company attempting to offer lifelong employment is compared to an “elephant in a piranha pond” (Sloan, Underwood, McCormick & Branscombe, 1996). The appropriate remedy for this situation is not government assistance, but trust in the free market. Firms must independently do what the authors call the “decent thing” for their employees, while greater involvement from the government is mocked: “Can you see the Feds drawing up rules to define a goodjobs [sic] company in order to give it tax breaks?” the article asks. Rather than exploring how receding government regulation has resulted in a less stable employment market, causing insecurity for US workers, the *Newsweek* story again frames the rocky job market as inevitable, with the only solution lying in the free market itself.

This contradictory pattern of logic appears repeatedly in coverage of the 1996 Telecommunications Act, especially as the legislation’s undesired consequences begin to emerge. In this discourse, re-regulation of the industry or even piecemeal government programs to assist unemployed workers are framed as unthinkable, while all the problems arising from the free market must be solved only by the market. This logic is also seen in

coverage that focuses on the Act's failures and undesirable consequences, which is discussed below. The more regulatory changes create negative results, the more deregulation is touted as a cure, and the further traditional government regulatory interventions are pushed back among the array of possible options. The Darwinist tone of these articles is also reminiscent of portions of the AT&T divestiture coverage, which frames the market as something natural and inevitable, but also potentially destructive. The destructive capacity of the market must be borne, however, because job loss and industry chaos are part of the natural and ultimately beneficial logic of the unfettered market—which is constructed as a state of nature, rewarding strength, ambition, and efficiency. This discourse, which celebrates the free market but also acknowledges its destructive tendencies, is an effective means of absorbing anxieties produced by deregulation, framing lay offs as inescapable, but also as part of the free market's grand plan.

As the FCC began to adapt its rules to the demands of the Act and the legislation was challenged in the courts, frustration with the government's involvement mounted. Criticism of the government's implementation of the Telecommunications Act portrays the state as inefficient, uncomprehending of the emerging information economy, and reluctant to relinquish traditional regulatory powers. A *US News and World Report* article titled, "Moore's Law vs. Moron's Law" faults the FCC for its delays in drafting new rules for deregulation, suggesting that the potential benefits of the new technology economy are endangered by the government's persistent interference: "The benefits of

Moore's Law and the continued growth of the high-tech economy are being threatened by the all-too-human tendency toward excessive interference and regulation" (Mitchell, 1997b). The author argues that although processing speeds are advancing exponentially, as stated in Moore's Law, government regulation will stifle the emerging technology economy, depriving the nation of its potential benefits. The article supports this reasoning, citing venture capitalist Roger McNamee, who states, "[T]he residual effects of regulation ensure that telecom carriers will never provide what the customer wants, and that what they do provide comes 5 years too late " (Mitchell, 1997b). Private industry is portrayed as caught under the oppressive yoke of over-eager regulators, who do not truly comprehend the nature of these new technologies. This image is repeated in another *US News and World Report* article in November 1997, which describes the proposed merger between telecommunication giants Worldcom and MCI. The story blames the lack of competition in the telecommunications industry on regulators, and specifically alludes to the government's resistance to vertical mergers. Arguing that consumers will not benefit from integrated services such as voice, video, and data until "politicians and bureaucrats lose their fear of wide-open competition," the article links increased consolidation with competition, and implies that mergers can be beneficial to the national economy (Glassman, 1997). Government representatives are portrayed as obstacles to economic and technological progress, due to their reluctance to give up traditional forms of regulation and shift regulatory power over to the logic of the market.

In *Wired*, a publication known for its techno-libertarian tendencies, this trope of the power-hungry government bureaucracy is especially visible. Drawing upon cultural representations of the Internet as a free, open environment conducive to individual liberty, Virginia Postrel (1998) criticizes both Democratic and Republican politicians as “technocrats” who hope to govern the Internet and emerging information society with centralized control, supervised by government experts. She is especially critical of the Clinton Administration’s interest in information technology, and focuses on President Clinton’s slogan urging the nation to build a “bridge to the future.” Postrel deconstructs this metaphoric bridge, suggesting it is a symbol of government oversight and control:

Like an earlier Clinton/Gore plan to overlay the Net with a centrally planned and federally funded information superhighway, their bridge to the future isn’t as neutral as it appears. It carries important ideas: The future must be brought under control, managed, and planned—preferably by “experts.” It cannot simply evolve...A bridge to the future is not an empty cliché. It represents technocracy, the rule of experts (1998).³⁵

Postrel perceives the Clinton Administration attempting to exert stifling control over emerging information technologies, critically describing the default assumption of American politics as “Got a problem, get a program.” This characterization of government regulation portrays the state as relentlessly interested in furthering its own influence, at the expense of “free growth and spontaneous evolution” (Postrel, 1998, quoting Friedrich (Fritz) Hayek). Significantly, Postrel does not appear to associate lack

³⁵ The NII was never intended to be a government-funded project, and was based on the assumption of private financing and substantial planning input from industry, with the government operating largely as a facilitator.

of government regulation with private interests leading regulation—for her, the absence of government oversight is primarily connected with creative technological development and individual freedom. This concept of deregulation as a solely subtractive process is part of the larger myth of market led regulation, which assumes that as the government recedes, the unbiased logic of the market will naturally step in, leading to greater competition, choice, and innovation. The Clinton Administration's desire to regulate is represented as not only hungry to retain traditional centralized forms of power, but as in the articles described above, is also portrayed as uncomprehending of new technologies and their implications. Postrel quotes Internet personality John Perry Barlow, founder of the Electronic Frontier Foundation (EFF), who claims, "We have government by the clueless, over a place they've never been, using means they don't possess." Government is shown as completely disconnected from the realities of new technological advances, attempting to rely upon antiquated concepts of state power and regulation. The state appears to signify far more of a threat to the growth of technology and new forms of community than private interests.

Rather than focusing on specific regulations or government actions, these media stories covering the 1996 Act discuss the state in fairly generic terms as oppressively bureaucratic and ignorant of technology and its possibilities. While this discourse continues into 1998, many of these critical portrayals of government regulation became more focused on specific issues in the legislation, such as the ongoing lack of competition in local telephone markets.

Obstacles to Local Competition

The 1996 Telecommunications Act intended to introduce and encourage competition in all telephone markets, but especially in local service, where the incumbent Bell companies held near-monopolies. A growing sense of public frustration is reflected in the media coverage sampled here, as local competition remained elusive and the FCC continued to refuse the Bell companies entry into long distance markets. Increasingly, the FCC is framed as an obstacle to the very competition the agency was meant to promote.

A *New York Times* story from December 1997 claims, “residential local phone competition is as elusive as Santa Claus,” and questions whether or not the FCC is simply blocking competition by refusing Bell companies entry into long distance markets (Schiesel, 1997c). By March 1998, criticism of the FCC’s lack of progress in implementing rules for local telephone competition increases, as a Senate subcommittee began an investigation of the agency’s activities. The *New York Times* notes, “Dissatisfaction is mounting over the way the law is being carried out, and in recent weeks the commission has come under withering assault from Congress” (Schiesel, 1998c). A quotation of House member John D. Dingell provides an example of this discontent:

The implementation of the 1996 Telecommunications Act is a shambles. The commission has chosen to not only perpetuate but actually increase bureaucracy in virtually every area the Congress had intended to eliminate it. Would it be impertinent of me to suggest a radical idea? If you want competition to bring down prices, why don’t you just get out of the way and let it happen? (Schiesel, 1998c).

This concept of successful competition resulting from the absence of government involvement occurs repeatedly—although the 1996 Telecommunications Act intended the FCC to create rules governing the removal of cross-industry regulations and the introduction of competition into previously closed markets, the FCC and courts are increasingly perceived as obstacles to these deregulatory goals. (Schiesel 1997c; Meyer 1998; Schiesel 1998b; Telecom Inaction 1998 1998; Schiesel 1998c) This positioning of the FCC and to a lesser extent, Congress and the courts, as obstructions to competition and correlated economic and technological progress reinforces justification for deregulation. The market is implied as more effective than the government in addressing problems of the free market, such as anti-competitive practices and job losses (Samuelson 1996; Sloan, Underwood, McCormick & Branscombe 1996; Holstein, Vogelstein & Egan 1998). The opening of the Bells' local markets to competition was to be supervised by the FCC, but the market is implied as a more effective means of transition and protection against monopoly, as new technologies emerge to compete with traditional networks. A *US News and World Report* article from May 1998 articulates this, arguing that the real threat to the Bells' dominance lies in satellite, broadband, and other new communication media, not in government regulation (Holstein, Vogelstein & Egan, 1998). The article implies that technological advances and new means of communication, rather than active government intervention, will create competitors worthy of challenging the Bells. The language of the article also describes the government's actions in confrontational terms—

rather than attempting to facilitate competition, the government is specifically portrayed as threatening the Bell incumbents.³⁶ The same story suggests that although Congress failed in its 1996 legislation, time and new technologies will address the incumbents' dominance and open markets more effectively than any revision of the Act could. As the efficacy of the Act and its implementation are questioned, the road to progress and increased competition appears to lie in greater deregulation, and the removal of FCC restrictions.

The deployment of this media discourse of government oversight as an obstacle to progress gains momentum as the 1996 Act is increasingly perceived as failing to achieve its goals. In addition, this discourse reinforces a particular definition of public interest, in this case characterized by the alleged benefits of competition, guided by the objective wisdom of the market. These benefits include greater economic efficiency and lower prices, while the market is depended upon to ensure universal access and guard against companies' monopolistic, anti-consumer behaviors. The next section explores a significant but weaker alternative discourse, in which coverage portrays the government as a necessary source of market regulation, implying a more traditional conceptualization of the public interest. This discourse of protective government weakens over time, as the construction of the rightful regulatory role of the government narrows.

³⁶ Coverage that frames the government more positively, as attempting to create and facilitate fair competition, occurs earlier in the survey period, and is explored below in the section describing the government as an active protector of the public interest.

Government Protecting the Public Interest

In her analysis of the 1996 Telecommunications Act, Aufderheide (1999) notes that traditionally, the public interest in US telecommunications policy has been associated with “stable, broadly available commercial communications services, and government was responsible for monitoring socially significant audiences, arenas, and services” served poorly by the market (p. 12). The examples of coverage discussed below address this principle in three primary ways: Many articles focus on the necessarily active role of the state in the deregulatory process while to a lesser extent others look at the government’s efforts towards universal service and the implementation of the V-Chip, where the government is represented as empowering parents and protecting children. Articles addressing the state as an important component in the process of deregulation do not directly question the overarching trend towards market-oriented policy, but do frame government representatives as necessarily protecting the public from potential excesses of the market, such as price-gouging and collusion between industry giants. Deregulation is presented as the key to increasing efficiency and innovation, but must produce increased competition in order to benefit consumers. Therefore, government representatives must monitor deregulation to ensure that greater competition, not monopoly, ensues. In terms of content regulation, members of Congress, the presidential administration, and the FCC are portrayed as giving more control to individual consumers, empowering parents to more effectively screen out objectionable television programming. This coverage of content regulation is unusual, positively portraying the

government defying the marketplace, which was adamantly against the voluntary rating proposal requested in association with the V-chip. Finally, a selection of articles in this sample also represents government officials protecting universal service programs, such as the e-rate. In these news stories, government intervention is viewed as necessary for the support of the public's equal access to key communication technologies, a social good that might not be adequately addressed through the market.

This section begins by discussing articles framing the government positively as an active overseer of deregulation. After this, the analysis moves on to examine later coverage of the V-chip and universal service debates, where the state continues to be positively portrayed as actively protecting the citizen and consumer. In this later coverage, appropriate government regulation appears in more narrowly defined circumstances, addressing specific social needs but not engaging in regulation of competition or pricing. The role of the government becomes increasingly compartmentalized in later stories, restricted to oversight of media content, while the frame of government intervention as a rightful means of promoting competition and protecting against exploitative pricing becomes less available and perhaps less acceptable. This shift supports the framework of market led regulation, discursively marginalizing the government as an active and justifiable source of regulation.

Regulating Deregulation

Coverage framing the government protecting the public interest through careful deregulation falls into two primary categories--*New York Times* editorials and quotations from specific government representatives, most often former FCC commissioner Reed Hundt. This source pattern is much more focused than the coverage representing the government as an obstacle to progress, which occurred in all four of the publications studied, with the frame used by specific spokespersons and in general news stories. Also, this selection of coverage is similar to that of the AT&T divestiture, which also relies on only a few sources for portrayals of the government as an active protector of the public.

This frame of the state as an active deregulator is especially interesting because it highlights one of the primary paradoxes of deregulation, the need for continued and sometimes even increased state involvement. In this discourse, the public interest is constructed in terms of technological diffusion, protection of consumers from price gouging, and through the encouragement of competition. As an active agent and overseer of deregulation, the state is expected to promote a competitive market, which is assumed to be the economic arrangement most beneficial for consumers and companies, but still exert authority protecting against the excesses and negligence of the market, such as price increases and unequal access.

Most examples of this discourse occur in the beginning period of coverage, before 1997, with the earliest articles most strongly stating the case for government involvement. Shortly before the final passage of the 1996 Telecommunications Act, a

Wired article on the future of regulation quotes Vice President Al Gore, who expresses fears that the recently-passed House bill “promotes mergers and concentrations of power....allowing fewer people to control greater numbers of TV, radio, and newspaper outlets in every community.” His domestic policy advisor, Greg Simon, elaborates:

The question is simple...Are we going to re-create the 1890s, and the excesses of the robber barons and the oil barons, by invoking this mantra of deregulation to liberate these monopolists, who treat consumers as captive sources of funds? Deregulation means nothing unless, within the industry you’re deregulating, people have a chance to compete (Helleman, 1995).

While this rhetoric is supportive of deregulation, it also vigorously argues for continued government guidance, and protection of social goods such as diversity of opinion and the shielding of the consumer from exploitation by private industry. Another *Wired* article published just before the Act’s passage acknowledges the need for government involvement: “[T]he historic evidence demonstrates that broad public access to essential services such as communications has so far required at least some social intervention” (Kline, 1995). Without this, the article argues, businesses would follow their logical self-interest of only catering to the wealthiest parts of population, not to the traditionally underserved, such as the poor and rural dwellers. The article, titled “Is Government Obsolete?” is highly skeptical of the state as a market regulator and only advocates minimal social regulation, but suggests that the free market will not adequately satisfy all of society’s needs.

This unwillingness to depend wholly upon the free market to distribute social goods and services is echoed in a *New York Times* editorial, published upon FCC

Commissioner Reed Hundt's retirement from office. Praising Hundt's commitment to serving the public interest, the editorial states, "Competition cannot flourish where entrenched monopolists like the local phone companies reign supreme. Even where competition does flourish, it will not subsidize phone service to the poor or connect inner-city schools to the Internet" (Reed Hundt's Legacy, 1997). Hundt himself appears frequently in this discourse of the public interest, advocating for stronger public service obligations for broadcasters, and continued state regulation of the market. In a *New York Times* story on the allocation of spectrum space for the development of advanced television services, Hundt argues that broadcasters requesting licenses for this spectrum should honor a "broad new commitment to public service." Hundt justifies this position, stating, "A TV license carries no property rights. It is a license to use the public property, and it can be conditioned... The only question is whether Congress and the FCC have the will to make these requests" (Andrews, 1996b). Hundt represents the government as a leader, actively guiding the transition to deregulated markets. Referring to the tumultuous conditions in the telecommunications industry in a 1997 interview, he suggests, "Our job in government is somehow to do the best we can to stay ahead of all that, to not be either in the way or out of the way but instead to be paving the way" (Hirsh, 1997).

Federal intervention is framed in these stories as necessary and desirable, and other articles, particularly *New York Times* editorials, praise Congress and the FCC for their performance (Judge Greene is Disconnected 1996; Pressure on the Baby Bells 1996; Prying Open the Phone Market 1996; Fixing the Phone Rates 1997; Stirrings in the Phone

Market 1998). In 1996, before the delay in the creation of local telephone competition was perceived as an issue, one editorial congratulates the FCC for its work in establishing guidelines—a “tough task” for the federal agency. By asking the local Bell companies to minimally charge new entrants for access to the incumbent networks, the FCC is portrayed as standing up to the Bells and defending consumers: “That represented a victory for consumers because the baby Bells had called for a regulatory principle allowing them to pass along the costs of the wasteful expenditures they made as regulated utilities” (Pressure on the Baby Bells, 1996). Another editorial praises Congress’s “sensible effort” to create national, pro-competitive policy, and refers to the FCC’s “well-crafted guidelines” governing local Bell’s ability to charge new market entrants. State intervention is framed as necessary for the promotion of effective competition: “As the drafters of the 1996 law pointed out, Congress understood that for competition to thrive where monopoly now rules, federal intervention was required... Perhaps now the courts and Bell supporters in Congress will let the law introduce competition into closed markets” (Prying Open the Phone Markets, 1996). In each of these examples, government intervention is presented as a necessary ingredient for the creation of competition, the ultimate goal of deregulation. By limiting the Bells’ ability to charge new entrants for network access, and fighting for the preservation of public interest obligations, the government is shown to be actively involved in the process of deregulation, protecting consumers and the general public from the abuse of power potentially resulting from a completely free market. This positive coverage of government intervention in the market

fades after 1996, however. Later coverage, from 1997 and 1998, focuses on government intervention on more specific issues, such as content and access.

Empowering Parents with the V-Chip

One of the principal battles between government and the media industry in this period focuses on a new content-blocking technology, the “V-chip.” Although some of the coverage surrounding this issue includes criticisms of heavy-handed government regulation by industry representatives, the state is more visibly portrayed as a defender of family values. Like the coverage positively framing the government as an active regulator of deregulation, the news stories on the V-chip are primarily found in the *New York Times*. The frame of the government empowering families is frequently represented in stories which cite Edward Markey, the Representative who primarily sponsored the V-chip legislation in the 1996 Telecommunications Act, and Senator John McCain, who led the Congressional opposition to the television industry’s proposed age-based standards.

“Making TV and the Internet Safe for Children,” a 1996 *New York Times* article, suggests that the V-chip legislation may be “more important” to parents than the Telecommunication Act’s broad deregulation of telephone and cable industries. The article explains: “While parents feel powerless...Recent Federal laws and new technology are making it easier...to limit children’s access to the burgeoning electronic world” (Elrich, 1996). Another article reports President Clinton’s attempts to put “heavy pressure” on broadcasters to produce a viable rating system, suggesting, “Mr. Clinton is

poised to capture the spotlight as a champion of family values over Hollywood commercialism” (Andrews, 1996a). Government representatives are portrayed battling the powerful entertainment industry, which voluntarily produced a ratings system based upon viewers’ ages, resisting the FCC’s and Congress’s insistence on content categories. The recalcitrance of the television industry in setting necessary ratings standards is portrayed as the product of hubris, with entertainment executives attempting to make decisions for millions of parents. Representative Edward Markey, the legislation’s sponsor, argues in another article that “[P]arents want Hollywood to stop playing Big Brother. Parents can make up their own minds about what is appropriate for their children as long as they are given basic information” (Mifflin, 1996). Interestingly, Markey casts private industry as “Big Brother,” an epithet usually reserved for intrusive government behavior. In this situation, the government is portrayed defending the freedom of viewers to not watch particular types of content, while the industry is presented as attempting to limit viewers’ choices.

In 1997, as the government and private industry continued to conflict over content labeling schemes, Senator McCain emerges as another spokesman for this discourse, presenting the state as an advocate for the protection of consumers, primarily children and their parents (Mifflin 1997a; Mifflin 1997b). As the NBC television network refuses to add content ratings to shows, Senators McCain, Ernest Hollings, and Joe Lieberman are shown confronting the network, with McCain threatening restrictive legislation. Referring to NBC, McCain re-affirms the connection between government intervention

and family values, noting that the network has “decided to stand with Hollywood instead of with America’s families” (Mifflin, 1997b). Despite the television industry’s protests that the ratings requirements infringe on free speech, the government’s efforts to enforce the ratings scheme is largely portrayed as a means for empowering parents. The television industry’s claims of free speech infringement are represented solely by “insiders,” such as industry executives, lacking the support of government representatives or members of consumer groups in press coverage. Additionally, supporters of the V-chip repeatedly associate the technology with increased choice and control, as well as the protection of children and families, and these factors may have also contributed to the success of this discourse.

Upon the FCC’s approval of a ratings system in 1998, Representative Markey celebrates, claiming, “The V-chip is likely to prove at least as important for television as the seat belt has proven for automobiles, or the safety cap for medicine bottles” (Mifflin, 1998). In the same article, FCC Chairman William Kennard hails the V-chip as a useful technology that “empowers parents in a way that is First Amendment friendly.” In these examples, which rely considerably on quotations from government representatives, the state is praised for its intervention and is presented as a defender of the public, protecting children and giving greater agency to adult television viewers. This is in contrast to the industry, which is portrayed as self-interested, refusing to allow the viewer to independently make decisions. The reliance on quotations from government representatives is common among all three categories of this discourse casting the state as

providing needed protection to citizens from the market. The news stories' choice of sources sets the tone for these articles, which defend government intervention as necessary and desirable.

Universal Service and the E-Rate

The universal service provisions of the 1996 Telecommunications Act encourage access to advanced services for schools and libraries with the "e-rate," funded by proceeds from long distance telephone companies. While many institutions applied for funding from this program, it was threatened by long distance companies' plans to make the e-rate an explicit charge on customers' bills, an action that some members of Congress feared would dramatically affect public support for universal service programs. Support for the e-rate is represented in news stories citing a variety of political representatives, including Reed Hundt and William Kennard of the FCC, certain members of Congress, and President Clinton. This coverage frames the government as appropriately involved in the promotion of universal access, and sometimes casts the long distance companies as greedy foes of the public interest, putting profit before essential social needs.

In a letter to the editor of the *New York Times* from the spring of 1996, Reed Hundt celebrates the role of the FCC, referring to the need for equality of access. "[P]rovisions on universal service and deployment of advanced services to schools and libraries hold promise of equalizers of opportunity for all Americans traditionally

underserved in telecommunications, including people with disabilities” (Hundt, 1996). The active involvement of government agencies in promoting broader access to telecommunications technologies is framed as necessary for the fulfillment of the American promise of equality—something the market alone cannot address. By late 1997, however, coverage focuses on impending threats to e-rate funding, and the tone of support for the government program becomes defensive. Under pressure from long distance companies, the FCC chose to allow a 25% cut in support, reducing the program’s allocations by \$750 million. A *New York Times* article reporting this cut notes that some on Capitol Hill are critical of the FCC’s decision, and cites Maury Lane, a spokesman for Senator Ernest Hollings: “The lessening of these services is tragic for the hospitals and the clinics and the schools and the people who need access to these kinds of services. There was a commitment to universal service for these institutions, and the phone companies appear to be weakening those commitments by capricious pricing schemes” (Schiesel, 1997c).³⁷ While the FCC made the final decision to allow the funding reduction, the telephone companies are framed as responsible for the movement away from universal service support. Government representatives defending the e-rate are positioned in this coverage as protecting the public interest from the greed of private industry. President Clinton is featured in the program’s defense, claiming, “I say we cannot afford not to have an e-rate...Thousands of poor schools and libraries and rural health centers are in desperate need of discounts. If we really believe that we all belong in

³⁷ By the summer of 1998, however, Senator Hollings was part of a small coalition of members of Congress calling for the end of the e-rate program.

the Information Age, then, at this sunlit moment of prosperity, we can't leave anyone behind in the dark" (Schiesel, 1998e). FCC chairman William Kennard concurs, stating, "Ending this effort is not in the best interest of the American people," and in another story, cites the continuing disparities in inner city and suburban students' access as evidence supporting the ongoing need for the program (Schiesel, 1998e). As in the coverage of the V-Chip, there is a selection of stories where the theme of rightful government involvement is contested--this counter-discourse is primarily represented by certain members of Congress who oppose the e-rate program. Overall, however, the coverage of the e-rate leans toward justification for continued government involvement, and this position is supported by significant spokespersons, such as President Clinton, and also by explicit editorializing. "Keep Internet Funding for Schools," a *New York Times* editorial, urges the FCC to preserve the program's funding, and ultimately places blame on the avarice of the long distance companies:

The e-rate program is a public obligation that the carriers agreed to and are required to finance under the 1996 law because they stand to reap enormous financial benefits from deregulation. Access charges that long-distance companies pay to local phone companies have been cut significantly as a direct result of the 1996 act. Should the FCC decide to trim the program, it will be capitulating to company greed at the expense of communities all over the country (1998).

The long distance carriers are portrayed as shirking their public interest duties, to the detriment of the nation. The government, in the form of the FCC, is called upon to recognize the continuing need for state intervention, and not place the program at the mercy of private interests, who will not appropriately honor their obligations to the greater public good. The state is positioned as necessarily intervening in order to protect

the public from the irresponsible proclivities of private business, which is primarily interested in profit, at the expense of less tangible social goods. In these ways, the news stories on the e-rate repeatedly justify government regulation, often through coverage and direct quotation of federal officials.

In these examples of coverage surrounding the process of deregulation, the V-chip, and the e-rate, the state is implied to be protecting the public interest by guarding against the potential dangers of the free market, such as anti-competitive behavior and the neglect of the poor and other traditionally underserved groups. This coverage is almost entirely limited to the *New York Times*, a general news source distinguished by its detailed analyses and relatively elite target audience. In the coverage of the AT&T divestiture and the 1996 Telecommunications Act, the *Times* is demonstrably more likely to frame government intervention in a positive light and cite more government sources, differing from *Wired*, which often portrays strong libertarian tendencies, and from *Newsweek* and *US News and World Report*, which are more likely to frame government involvement as inappropriate and harmful to the everyday consumer.

While an institutional analysis would be needed to more fully explain the differences in framing choices among the publications, these differences may be partly explained by the *Times*' status as an elite, often standard-setting source of news. The *Times* cites a range of prominent policy stakeholders, including government representatives and industry leaders, presenting a range of perspectives wider than those of the newsmagazines and *Wired*. This broader range—and greater inclusion of

oppositional views—may be a result of the *Times*' greater institutional resources. Additionally, its status as the newspaper of record in the US makes it an attractive arena for policy stakeholders to voice opinions and promote particular frames. Timothy Cook (1989) suggests that there is a symbiotic relationship between the mass media and policy officials, so that while publications such as the *New York Times* search for newsworthy content, policy stakeholders will actively work to have their perspectives included in news coverage. The magazines discussed in this analysis may take cues from the *Times*' framing choices and topic selection, but they are also influenced by their audience demographics and desires of advertisers and are constrained by format requirements, such as the brief articles usually found in *US News* and *Newsweek*. With these restrictions, the producers of these magazines must make choices about which frames to focus on and which to exclude. The framing choices of *Wired*, which often displays a pointedly libertarian perspective, can be at least partly explained by its target audience, as it markets itself to an elite population who work in the emerging information technology industries.

In the examples cited above, the benefits of deregulation are not openly questioned—instead, deregulation is framed as an inevitable process that must be wisely guided by the government. The implied role of the state narrows with time, however. News stories from the early period of coverage, before 1997, frame the government as providing needed supervision in the general transition to less regulated markets. Later coverage from 1997 and 1998 focuses on government representatives helpfully assisting

with specific issues, such as television content regulation or universal service funding, but not engaging in active market regulation. The targets of the government's assistance also narrow in discourse, with later coverage focusing on government's efforts to aid families and to help certain public institutions. As dissatisfaction with the Act's implementation rises and unintended consequences such as higher cable rates and intense industrial consolidation becomes apparent, the state fades as a guardian of the public interest, except in narrowly defined roles. Paradoxically, the public interest seems increasingly associated with deregulation and the removal of state involvement in later coverage, despite the possibility that the deregulation itself contributed to many undesired consequences. The next section will explore some examples of coverage of disappointments associated with the 1996 Telecommunications Act, demonstrating how this discourse rose in 1997 and 1998, and investigating ways in which topics of concern were re-framed, contributing to the dominance of assumptions supporting a market led regulatory framework.

Unintended Consequences, Disappointing Progress

Coverage expressing dissatisfaction with the 1996 Telecommunications Act focuses primarily on delays in achieving the Act's objectives of competition and lower prices. The most frequent complaint in these articles by far is the continued lack of competition in the local telephone industry. Mergers are also discussed as an unwanted side effect of the Act's deregulation, with a variety of associated fears. Rising prices and

lack of broadband diffusion are mentioned as well, but these problems are represented with less frequency. Delays in achieving the Act's objectives occurred for a variety of reasons, including the protracted court challenges brought by the regional Bells against the FCC, and the unwillingness of cable operators and telephone service providers to enter each other's territories. The local telephone companies' recalcitrance is sometimes noted in these articles, but delays are primarily blamed on Congress and the FCC, who are accused of clumsily orchestrating the transition to competitive markets.

Local Telephone Competition, Rising Rates, and Slow Broadband Diffusion

One year after the Act's passage, press coverage begins to note the ongoing lack of competition in the local telephone industry, suggesting that the legislation has been ineffective in achieving one of its primary goals. A *New York Times* article titled, "Instead of Flood of Competition, the Communications Act Brought a Trickle," suggests, "Given the dilatory pace of competition in the year since the industry was deregulated, some consumer advocates say, the Vice President should be hanging crepe instead of handing out party hats" (Landler, 1997a). Alluding to the lack of cross-industry competition and rising rates, Jeff Chester of the Center for Media Education claims, "This thing is a flop. It was supposed to unleash tremendous forces of competition and drive down rates, but it has encouraged the exact opposite of that" (Landler, 1997a). Later articles note the delay caused by lawsuits from the regional Bells, while others frame the delays in terms of financial difficulties encountered by long distance companies

intending to enter local markets (Vogelstein & Holstein 1997; Landler 1997c; Egan, Hetter, Vogelstein & Mallory 1997).

Rising telephone and cable television rates and the unexpectedly halting spread of broadband connectivity are two of the chief complaints associated with the Act's failure to stimulate competition.³⁸ A *New York Times* article in February 1997 observes that cable bills have increased, and cites Gene Kimmelman of Consumers Union, who refers to the past twelve months as "a very bleak year for competition," and suggests that the best the public could hope for would be the stability, rather than the decrease, of telephone bills (Landler, 1997a). Shortly after this, another *New York Times* article found that telephone rates also were rising. "Thirteen months after the telephone industry was deregulated in the name of free-market benefits for consumers, the public might soon see the first tangible result of competition: higher phone bills" (Landler, 1997b). Rising telephone rates are framed as a potentially unavoidable step towards competition, as the FCC contemplates the elimination of traditional subsidies. Also in the spring of 1997, a *US News and World Report* article titled "Hang on to Your Wallet" reports that analysts expect no "real competition" between telephone and cable companies for at least a decade, and cites a 7.8% jump in cable rates since the Act's passage (Glastris, Barnes, Jenkins & Shute, 1997). Lamenting the decrease of price controls, allegedly included in the Act in exchange for cable operators' support of the bill, the article refers to the situation as "a legislative bait and switch." Lawmakers are framed as unwisely agreeing

³⁸ Please see Table 11 for average cable rates by year.

to loosen rate restrictions, hurting consumers with uncontrolled, rising rates. “Behind Your Soaring Cable Rates,” a *New York Times* editorial, likewise notes that despite Congressional attempts to create competition “within this monopoly-ridden industry,” cable rates continue to rise (1997). Another *New York Times* article notes that local communities have been left nearly defenseless, with “nonexistent” clout against cable providers and rising rate structures (Greene, 1998).

Broadband diffusion, while receiving less coverage than the issues discussed above, also was considered in media coverage to be a failure. A *Wired* article in the spring of 1997 notes that two-way broadband to the home has ceased to be a centerpiece issue since the legislation’s passage, and suggests that competition may not be the most appropriate model to encourage the spread of broadband infrastructure. Deriding the “foolish fixation on need for competition in all things,” the author states, “Deregulatory romance is hampering practical solutions to how to pay for such networks, how to build them with deliberate speed, and how to assure that they provide ‘universal’ service” (Rivkin, 1997). Another *Wired* article published approximately a year later discusses the ways in which legal proceedings have slowed down the deployment of broadband to the home and have discouraged competition in local telecommunications markets (Lappin, 1998). Curiously, although the primary legal battles were generated by the regional Bell companies in protest of the FCC’s implementation of the 1996 Act, this article and others refer to the delay in policy results as due to the “courts,” implying that the public

institution itself is responsible for the disappointing progress (Rivkin 1997; Schiesel 1998a; Schiesel 1998h; Stirrings in the Phone Market 1998; Meyer 1998).³⁹

A 1998 *New York Times* article presents the legislation's results as a disappointment, referring to the delayed diffusion of improved services such as broadband: "The law was supposed to usher in an age of broadly lower rates and broadly better and more advanced services. But that has not happened" (Schiesel, 1998k). Another story specifically cites the continuing lack of consumer opportunities in broadband access: "And for all of the hype that surrounded the passage of the Telecommunications Act, most American consumers have no more options for high-speed links to cyberspace than they did before 1996" (Schiesel, 1998l).

As widespread residential broadband service continued to be delayed, the goal of technological diffusion was given priority over competition, so that by 1998 the FCC considered allowing the regional telephone companies to offer high-speed data services without being required to offer competitors access to the network (Schiesel, 1998h; Schiesel, 1998j; Schiesel, 1998k). William Kennard, the chairman of the FCC, is described as under "crushing pressure from Capitol Hill" to produce results promised by the Act, broadband diffusion among them (Schiesel, 1998h), while another article, titled "Phone Wars Leave FCC in Political Combat Zone," refers to Kennard's waning political support. (Schiesel, 1998k). Congress and the FCC are both frequently portrayed as

³⁹ A pointed exception to this pattern is found in a 1997 *New York Times* story quoting Gene Kimmelman of Consumers Union, who notes that the regional Bells are using the courts as a "diversionary tactic" (Landler, 1997c)

ineptly attempting to orchestrate the transition to deregulated, competitive markets, and poor composition and execution of the legislation is blamed for creating frustrating delays. Industrial consolidation is presented in other articles as another undesirable result of the Act, as companies choose to merge, rather than confront each other in direct competition.

Mergers

Upon the announcement of the proposed MCI/Worldcom merger in late 1997, a *US News and World Report* article complained that the 1996 Act was intended to allow greater competition and choice for consumers, promising better service and lower prices. The author states, “But what’s happened? Nothing but foot-dragging and lawsuits, aided and abetted by horrendously complicated conditions that have to be met before the Federal Communications Commission gives the green light for a company to make the crossover” (Glassman, 1997). Although he criticizes the merger, he argues that it does not pose enough of a threat to be struck down on antitrust grounds. The Bells are implicated in the delays, due to their legal maneuvers, the article blames the FCC for its overly complex requirements. This echoes some of the complaints discussed in the previous section, which addresses coverage framing the government as an obstacle to progress. As the legal battles continue, the government is found to be at fault in coverage that tends to gloss over the intricacies of the court challenges and focuses primarily on the end result—delays in establishing competition. Some articles mainly observe the protracted

wait for benefits associated with the Act (Schiesel 1998b; Vogelstein 1998a; Sloan, 1998). Others blame Congress for contributing to the delay through poor planning and legislation. An editorial in the *New York Times* accuses, “Congress wrote a sloppy bill that invites endless legal challenges. Nor did Congress channel these legal challenges into a single jurisdiction that would have handled the cases expertly and expeditiously”(Stirrings in the Phone Market, 1998). A later *New York Times* editorial suggests that Congress’s efforts to open up local telephone business have “floundered because of squabbles over what the would-be competitors should pay the existing local company” (The Battle to Wire America, 1998). Congress is framed as ineffective here, unable to foresee or efficiently handle the disputes that have arisen over the legislation.

Another example of this discourse on the Act’s lack of progress occurs upon Bell Atlantic’s announcement of its intention to buy GTE. A *Newsweek* article notes the “deal wave” taking place across the US—“Instead of competing with each other for local phone customers, as the Telecom Act envisioned, or opening their local markets in return for being allowed to enter the long-distance biz, [local telephone providers are] buying each other” (Sloan, 1998). This coverage continually frames the effects of the legislation as going awry, causing delays in competition and its much-anticipated benefits of lower prices and improved service. While these delays are presented as a primary cause of frustration with the Telecommunications Act’s after effects, mergers appear frequently in news stories that warn of the potential effects of industry consolidation.

Early coverage of mergers as a negative result of the Telecommunications Act focuses on public interest concerns such as decreasing diversity in media. A *New York Times* editorial titled “Lamb to the Slaughter” describes the disappearance of unprofitable networks such as C-SPAN on increasingly consolidated cable provider systems. The title refers to C-SPAN’s Brian Lamb, who alludes to the “supposedly fabulous Telecommunications Act” which is blamed for the decrease in public interest programming on cable systems due to increasing commercialization and lack of competition. The editorial notes:

This week marks the first anniversary of President Clinton’s signing of that law he (like leaders of both parties) said would spur marketplace competition to give consumers ‘the benefits of lower prices, better quality and greater choices in their telephone and cable systems.’ But conglomerates, not competition, now drive TV: prices are higher, choice is less and “better quality” means more Murdoch and less C-Span (Rich, 1997).

The article cites Kimmelman of Consumers Union, who suggests that cable companies “will do anything to boost earnings,” resulting in lowest-common-denominator programming and the demise of public service networks (Rich, 1997). This editorial is highly critical of the ongoing mergers, more so than later articles, and closes with a call to protect the public interest—“We’re inured by now to our media giants being greedy, but when a democracy’s flow of information is being restricted, something far more important than our monthly cable bill is at stake.”

Other threats to programming diversity are perceived in the waves of mergers consolidating local television stations. An article covering the dilemma of a local

Pennsylvania station observes that “despite Congress’s stated intention—to unleash market forces and increase the diversity of voices the public hears—the number of television station owners has declined”(Shapely, 1997). A media industry consultant, Peter Bowman, is cited, suggesting, “The independent commercial station will go the way of the corner store when Wal-mart comes to town.” This phenomenon is similarly noted in the radio industry, which consolidated significantly after the 1996 Act. FCC Chairman William Kennard is described as “deeply troubled” by this trend, noting, “The loss of small religious stations and local programming is very unfortunate, ” and describing the FCC’s efforts to combat the increasing lack of diversity through licensing of microradio stations. (Richtel, 1998). Troubled accounts of mergers attributed to the 1996 Telecommunications Act decrease in 1998. While later coverage of mergers notes the dismay of lawmakers and regulators to the trend, the actual threats implied by industrial consolidation are less articulated (Holstein, Vogelstein & Egan 1998; Schiesel 1998i).

These articles convey a sense of disappointment and concern regarding the Act’s implementation in a variety of areas. Lack of progress in local telephone service competition is the primary complaint in this coverage, which suggests that consumers are being denied broader choice and lower prices, two of the public interest benefits associated with deregulation. Mergers are another topic of concern, especially in early coverage, which addresses the potential threat consolidation poses to the diversity of voices in the media, referring to a social good found in the more traditional rhetoric of

public interest. Rising prices and slow technology diffusion also are presented as worries in this media coverage, to a lesser degree. Lower prices had been touted as a benefit of deregulation and competition, which was expected to enhance the affordability and availability of advanced consumer products. Broadband diffusion, originally promised by the Act's supporters but not widely delivered by 1998, is framed in these later articles as potentially less likely to occur with full competition, which Bell companies alleged would discourage their infrastructure build-outs.

Whereas the news stories discussed above frame mergers as an undesirable and potentially harmful side effect of deregulation, the tone of later coverage shifts, implying that mergers and consolidation actually can lead to more, not less, competition. In these articles, mergers are associated with the benefits attributed to competition—lower prices, greater convenience for consumers, and technological innovation. While earlier coverage framed mergers with frustration, later stories portray consolidation as a natural, inevitable result of deregulation and the logic of the market. In this way, one of the primary anxieties in coverage surrounding the Act's aftermath is neutralized, and the market is represented as succeeding in achieving the Act's goals where government intervention failed. This coverage reinforces the image of successful deregulation as a subtractive process, not requiring ongoing government oversight, as the benefits of the market appear once government is removed. This re-framing of mergers supports the paradigm of market led regulation, portraying the invisible hand of the market as the most natural,

logical, and beneficial form of regulation. The following section illustrates this shift in tone.

The Justification of Mergers

While mergers and consolidation were viewed in early coverage as undesirable and against the public interest, this attitude shifts in late 1997 and 1998, with an increasing number of articles framing the merger trend as a logical response to the new challenges of competition brought by the 1996 Act, and even as beneficial to the public. This discourse argues that in the new, highly competitive and globalized telecommunications industry, successful companies may have to consolidate in order to cope with the demands of the deregulated market. The language describing these mergers is reminiscent of some of the coverage of the AT&T divestiture, which romanticized the anticipated “battle of the titans” between technology heavyweights AT&T and IBM. Competition between giants is framed as creating optimal outcomes for consumers, who are anticipated to benefit from lower prices and accelerated technological innovation. The optimism surrounding telecommunications mergers also may reflect the infatuation with new information and communication technologies that is characteristic of the late 1990s. Consolidation in 1996 Act coverage is additionally associated with increased efficiency—a “Wal-mart” effect where size enables lower consumer prices, because the service provider deals in bulk. In these ways, mergers are framed in later coverage as possible solutions to the delays and frustrations that are associated with the 1996

Telecommunications Act, with the market surpassing the government in effectiveness, creating effective competition among a few giants rather than among an unstable multitude of competitors.

The rapid industrial consolidation following the 1996 Act is naturalized in this coverage, so that mergers, greeted with surprise and dismay in earlier news stories, are framed later as sensible, unremarkable reactions to the newly deregulated environment. Mergers are presented as savvy business strategy, allowing companies to eliminate redundant workers and enter new technology markets (Schiesel & Holson 1998; *The Battle to Wire America* 1998). A *New York Times* editorial refers to the “Internet scramble” among large telecommunication companies anxious to adapt to emerging online markets, observing that “many companies now suspect that controlling the gateway to the Internet, as AT&T hopes to do, will be essential to making money as more and more types of service are provided, from interactive television to long-distance calling” (*The Battle to Wire America* 1998). Vertical and horizontal integration allows companies to pool resources, improving their chances of dominating a variety of markets. The idea of a company “controlling the gateway to the Internet” is presented as good business strategy, rather than as a potentially alarming prospect for consumers, who will have fewer choices of service providers. Deregulation remains discursively coupled with increased competition, while competition is re-defined so that it is associated with consumers having more than one choice of service provider, rather than having many choices. Although critical scholars such as Ben Bagdikian and Robert McChesney might

term the newly consolidated environments as oligopolies, the very limited competition resulting from intense consolidation is presented in the media coverage as practical, and beneficial to the consumer (Schiesel, 1997b; Glassman 1997; Samuelson 1998; Vogelstein 1998b; Sloan 1998). While this rationalizing discourse is balanced by more critical evaluations in earlier news stories, it dominates later coverage of the 1996 Act.

The deregulation of the 1996 Act and the convergent communications environment are viewed as driving forces behind companies' urge to consolidate. A *New York Times* article titled "Phone Companies Race to Find Their Suitors" predicts more mergers in the future, and that vertical consolidation will eventually prevail. Companies are portrayed as driven by fear of competition—"fear that companies that do not offer nearly every service imaginable will not thrive, and fear of passing up the chance to gain a financial edge by combining with a rival and cutting costs"(Schiesel 1998b). Mergers are increasingly framed as evidence of success and investment in the telecommunications sector, while company size is celebrated. Referring to Bell Atlantic's plan to buy GTE, a *Newsweek* story describes the merger as "part of a mad dash by telecom companies to bulk up—corporations on steroids, as it were" (Sloan 1998). Consolidation is described as the key to synergy and greater efficiency, while being portrayed as the natural and beneficial result of deregulation—Ken McGee of the Gartner Group is cited in this article, arguing that "God created CLECs to be bought" (Sloan, 1998).⁴⁰ The same story notes that the Bell Atlantic-GTE merger will probably postpone competition for

⁴⁰ CLECs (Competitive Local Exchange Carriers) were bought up by incumbent carriers wishing to strengthen their dominance in local markets.

residential local service, but this is framed as an inevitable side effect of the natural processes of the market, similar to the justifications of higher local telephone bills during the AT&T divestiture. Competitive residential local service, once touted as a primary concern of the 1996 Telecommunications Act, is re-cast here as a minor issue that must at least temporarily give way to more important goals, such as the strength of the industry and the ability to globally compete. Another *Newsweek* article argues that “bigness abets competition,” while criticizing the fear of consolidation: [I]t’s wrong to see bigness and consolidation as automatically anticompetitive. Sometimes it’s the other way around. One reason why manufacturers have held down prices is that their superstore customers—the Wal-Marts and Home Depots—have the purchasing power to insist on low prices” (Samuelson, 1998). Fears of diminished competition are also addressed in a *Wired* article on the rapid consolidation of the radio industry, which argues that mounting concentration in radio content provision is not a problem, because of the competition facing radio broadcasters from the cable and telecommunications industries (Lo, 1997). The article suggests that technological convergence has made concerns of concentrated media ownership irrelevant, because traditional divisions between industries are fading, allowing competition among different media platforms.

The proposed merger of SBC Communications and AT&T drew reactions of surprise and outrage in some news reports, but was framed in other coverage as a logical step for the companies, given the unpredictable environment after the 1996 Telecommunications Act. Reed Hundt, cited in a *Newsweek* article, defends the proposed

alliance, suggesting that the companies are simply seeking security in consolidation during a period of uncertainty (Sloan, 1997). A *US News and World Report* article, “Has Humpty Dumpty Discovered Superglue?” refers to Yale economist Paul MacAvoy, who suggests that the merger may “unclutter” the marketplace, offering the logic that fewer competing companies may actually benefit consumers, simplifying the market environment. MacAvoy argues, “Having four companies offering you services in your kitchen is absurd” (Vogelstein & Holstein, 1997). Competition is in the public interest, but should only be among the largest and most successful companies, justifying industrial consolidation.

Coverage of the proposed MCI/Worldcom merger articulates this argument in greater detail, reporting that industry experts expect increased competition from vertical “mega-mergers”:

[T]he thinking on Wall Street and within the industry these days is that true competition and price reductions will come only through the formation of a handful of national players—companies big enough to build their own networks and compete head on with full lineups of local, long-distance, Internet, and other communications services. Rather than deprive consumers of potential options, the thinking goes, mega-mergers can create companies powerful enough to invade one another’s markets and bring competition to the masses (Schiesel, 1997b).

Encouraging vertical consolidation may go against traditional public policy, but it is framed as a possible solution to the lagging pace of competition since the 1996 Act. Additionally, the reluctance of the government to allow vertical mergers, while permitting “incremental” horizontal consolidation, is represented as a possible factor in the delay of competition—if government regulators would lose their fear of vertical

consolidation, “full-blown competition” might be realized, according to experts and industry insiders, including Bernard J. Ebbers of Worldcom (Schiesel, 1997b). The government is framed as potentially harming consumers with its reluctance to give up traditional and perhaps outdated principles of regulation, not recognizing the new rules demanded by converging technologies and industries. Similarly, a *US News and World Report* article in November 1997 hypothesizes that a vertical merger between a big local telephone company and a long distance provider would create “a virtuous circle of price-cutting on both ends”(Glassman, 1997). Government regulators’ resistance to these types of mergers is perceived as backwards, preventing consumers from receiving the benefits of these vertical combinations.

The announcement of AT&T’s intention to purchase TCI in the summer of 1998 is greeted with celebration. A *New York Times* editorial suggests that the merger offers a new hope for competition in the local telephone industry, and promises lower prices and better service (The Battle to Wire America, 1998). Kennard is cited in *US News and World Report* coverage, explaining that the merger could produce real benefits for consumers, and the deal is suggested to be only the first of many between the telephone and cable industries (Vogelstein, 1998b). The logic of consolidation is framed as surpassing the efforts of policymakers to stimulate competition: “The merger can potentially create what Congress could not, creating genuine competition in the market for local phone calls”(Vogelstein, 1998b). The same article notes that the merger has transformed TCI’s John Malone, a man Vice President Gore once called “Darth Vader,”

into a hero, due to his contribution to increased competition through cross-market consolidation.

Although the 1996 Telecommunications Act is perceived in the popular media surveyed here to be a failure on several counts, mergers appear towards the end of the period as a potential solution to ongoing regulatory problems. This coverage naturalizes the trend of consolidation as a rational and necessary response on the part of corporations, and ultimately connects consolidation with the potential benefits offered to consumers by the free market, such as greater efficiency and lower prices. Also at the end of the period surveyed, the discourses of the government protecting the public interest through active regulation fade, while criticisms of state interference remain strong. In this way, the press coverage makes particular discourses more available than others: While the early coverage surrounding the passage of the Act contains more frames of government representatives as guardians of the public interest, shielding consumers from the excesses of the free market, this discourse is less visible as criticism of the Act's implementation mounts in 1997 and 1998. Increased deregulation is implied in many of these news stories as a potential solution to the problems generated by the deregulation of the 1996 Act, so that the FCC is encouraged to "get out of the way" of the regional Bell companies, and government legislators and regulators are urged to consider the benefits of allowing vertical mergers (Schiesel, NYT, 12/15/97). The public interest, previously defined in terms of diversity of voice, protection from price gouging, and wider consumer choices, is increasingly associated with low prices, the opportunity consume advanced

services, such as broadband, and competition between heavily consolidated corporate giants.

Conclusions

This chapter examines some of the prominent public discourse surrounding the 1996 Act, focusing on the different ways the government and specific government representatives or organizations are framed in a sample of nationwide media coverage. The analysis of news frames is useful because it can illuminate some of the dominant conceptualizations of government during this important moment in deregulatory history, when traditional regulations were dramatically altered and reduced. Longitudinal study of this media coverage can show how particular ideas surrounding the role of the state become more available than others in public discourse over time, so that certain policy choices may appear more feasible. As in the coverage surrounding the AT&T divestiture, the discourse of market led regulation prevails, successfully dominating competing discourses through a variety of strategies.

Broadly, the media coverage of the AT&T divestiture and the 1996 Telecommunications Act share certain themes. In both sets of coverage, the state appears in three primary roles: The state is negatively perceived as an obstacle to economic and technological progress in many instances, but this discourse is countered by one that presents the government rightfully protecting the individual citizen and consumer, often through intervention in the marketplace. Finally, coverage of both policy periods

represents the government as the author of unintended and undesirable consequences, illustrating a variety of dissatisfactions and fears surrounding deregulation and divestiture.

While there are general commonalities in the press discourse during both policy moments, there are also significant differences. The coverage of the AT&T divestiture, especially in the period before the actual breakup, is often very celebratory of deregulation, predicting a new era of consumer choice, technological innovation, and, in some circumstances, lower prices. These news stories explicitly and implicitly frame traditional government regulation as a potential barrier to these benefits, but primarily devote themselves to optimistic predictions of life after divestiture and accompanying deregulation. Coverage of the 1996 Telecommunications Act tends toward much more pointed criticism of government representatives, especially the FCC, positioning the government as a source of inefficiency and self-serving bureaucracy—an obstacle that must be removed before the nation can enjoy the fruits of deregulation. The benefits of deregulation mentioned in this period are similar to those enumerated in the coverage of the AT&T divestiture, but are presented less often and with less fanfare. News surrounding the 1996 Telecommunications Act tends to frame deregulation as an obviously rational choice, devoting less space than the AT&T divestiture coverage to supporting arguments for this policy trend. In both sets of coverage, competition is frequently stressed as a goal of deregulation, but whereas AT&T divestiture coverage often explains the specific benefits of competition at both the national and consumer

levels, coverage of the 1996 Act is more focused on the problem of government obstruction to competition, not explicitly discussing why competition is desirable. By 1996, competition may have been widely accepted as rational and beneficial, so that any justifying explanation in mainstream media discourse seems superfluous.

While increased competition is frequently distinguished as a primary goal of deregulatory policy, the actual effects of reduced regulation often appear undesirable in both sets of coverage. News stories preceding the actual AT&T divestiture report broad public concerns over the potential of the divestiture and associated deregulation to result in higher prices, poorer service quality, and even damage to the national telecommunication network's integrity. These fears are associated with individual citizens and consumer groups, as well as with representatives of industry and government. The frequent representation of these anxieties competes with the pro-deregulatory coverage appearing prior to the break-up, providing a strong alternative discourse. Post-divestiture coverage continues to report various misgivings and complaints through 1985, the last year sampled. Despite these ongoing concerns over the damaging effects of divestiture, representations of the government rightfully intervening to protect citizens from the harsh effects of the post-divestiture market fade in later coverage. Higher prices and lower quality of service begin to be framed as inevitable ramifications of the larger deregulatory process, which is unquestioned and portrayed as natural and ultimately beneficial, despite these temporary inconveniences.

The press coverage of the 1996 Telecommunications Act often presents members of government, the public, and industry as dissatisfied with the Act's results, and this discourse becomes especially visible a year after the legislation's passage, continuing into 1998. The Act is associated with a variety of unintended and unwanted consequences, and government representatives, primarily members of Congress, are cast as the unwitting authors of these undesirable results. Intense industrial consolidation, rising prices, and delayed local telephone competition are associated with the Act and its implementation. As in the coverage surrounding the AT&T divestiture, the government is presented in some articles as a protector of citizens. In the 1996 Act coverage, however, this protection often takes more limited forms, especially in later stories as government intervention is increasingly framed as irrelevant, inferior to the natural logic of market led regulation. The sphere of rightful government involvement shrinks in later coverage so that government representatives are only portrayed appropriately dealing with specific, limited issues including the V-chip and the e-rate, which arguably are separable from the general "market." Antitrust investigations and market entry regulation are noted in the later 1996 Act press, but are presented as obstacles to the benefits of effective deregulation—the government's efforts to regulate deregulation are portrayed as potentially preventing "true" or "wide-open" competition from occurring (Schiesel 1997b; Glassman 1997).

The press coverage surrounding the 1996 Act blames government interference for many of the disappointments associated with the Act, instead of finding fault with the

legislation's deregulatory goals, even though the reduced regulation required by the Act helped to enable ensuing intense industrial consolidation and price hikes. Deregulation itself is unquestioned as a policy direction. In this way, news stories covering the Telecommunications Act contrast with the coverage of the divestiture, which may directly challenge the premise of deregulation. Further removal of state oversight is framed in some stories as a solution to the problems associated with the Telecommunications Act.⁴¹ In later coverage, the wave of mergers that follows the Act's passage is framed as not only inevitable and part of natural market processes, but also as potentially beneficial to consumers. Although earlier stories frame industrial consolidation as an unintended and unwanted effect of the legislation, later press coverage describes mergers and consolidation as ways to accelerate competition, one of the original goals of the Act. In this way, the trend of consolidation is constructed in later coverage as a new means for attaining the Act's original goals—competition, lower prices, and technological innovation. Huge, vertically and horizontally consolidated corporations are framed as the winners in a competitive battle where only the fittest survive. The Darwinist logic of this news frame elides concerns of oligopoly, which are present in earlier coverage, and suggests that effective competition need not involve more than two or three parties. Deregulation and effective competition are conflated in this

⁴¹ Examples of this discourse occur in many articles, including Fabrikant, 1996; Mitchell, 1997b; Schiesel, 1997b; Glassman, 1997; Shenk, 1997; Schiesel, 1997c; Postrel, 1998; Schiesel, 1998d; Schiesel, 1998j; Schiesel, 1998l.

paradigm, even when reduced regulation appears to lead to consolidation and fewer competitors.

The discourse among the four publications reveals certain patterns. As in the coverage of the AT&T divestiture, the *New York Times* is the most likely to portray the government's regulatory efforts sympathetically, showing members of Congress and the FCC fighting to protect consumers from rising prices and to preserve universal service. *Wired* coverage, predictably, is likely to be sharply critical of government involvement, presenting deregulation and the absence of government oversight in idealistic terms. Government representatives are often portrayed in *Wired* as self-serving bureaucrats, hungry to retain their power over the industry and citizenry. Deregulation is framed as empowering to producers and consumers, allowing the natural development of the market to run its course, while giving consumers greater choice and new opportunities to consume. *US News and World Report* and *Newsweek*, periodicals with audience demographic characteristics considerably below those of *Wired* in terms of education and affluence, are also likely to be critical of government intervention while idealizing the benefits of deregulation. Although the libertarian tone is less strong than in *Wired*, these two mass newsmagazines often construct government attempts at regulation as harmful, fumbling, and unnecessary. Reduced state involvement is portrayed as a path to greater competition and associated consumer benefits.

Examination of all four of these publications reveals particular discursive strategies that have the effect of promoting the market led regulatory paradigm.

Deregulation is closely tied to competition, which in turn is associated with lower prices, greater choice, and technological advancement. The state's legitimacy as a regulator is rejected, and this rhetoric is especially vitriolic in the media discourse on the 1996 Telecommunications Act. Companies' efforts to advantageously exploit state intervention is generally portrayed as the fault of the government, while companies such as the regional Bells are shown as simply acting logically, protecting their own interest. Similarly, the consolidation occurring after the Act is represented as a *sensible* strategy — the natural course of the market, where companies are assumed to act rationally in their own interest, to the benefit of all.⁴² The conceptualization of the market as a Darwinian state of nature is especially vivid in coverage of the AT&T divestiture, but is also present in the stories surrounding the 1996 Act. This aspect of the market led regulatory discourse naturalizes the domination of the weak by the strong and also addresses and re-frames many of the anxieties surrounding both moments of deregulation. Rapid consolidation is portrayed as an inevitable result of the ongoing struggle for dominance between giants, and other disappointment such as rising costs are similarly rationalized as inescapable effects of the transition to market led regulation. As James Aune (2001) notes in his analysis of free market rhetoric, advancing technology is one way that deregulation is often framed as inevitable, and as part of the march of progress. Undesirable conditions such as rising prices and lack of choice are also discursively compartmentalized, and

⁴² Dissonance occurs later, however, as some of these mergers are demonstrated to be unwise overextensions, as in the case of AT&T and its purchase of cable providers, or are associated with far-reaching financial scandal, as in the situation of MCI and Worldcom.

treated as limited, temporary and endurable situations, worth the benefits of deregulation, which are predicted to appear in the future. Competition is re-framed, so that the most effective and beneficial competition is portrayed between resourceful giants, rather than among a variety of competitors. The issue of wider consumer choice is eliminated, or in some cases transferred, so that instead of having the opportunity to choose among many different providers, consumers are portrayed enjoying the opportunity to choose between many different service plans and technologies, even if this is through a single, efficient provider.

The elevation of market led regulation, even in the face of higher prices and less consumer choice, is also supported through the implied moral frameworks of the discourse. Competition and struggle, as George Lakoff (2002) points out, are viewed as legitimating economic success. Companies that succeed, while absorbing and eliminating their competitors, are framed in this moral order as acting rationally and efficiently, weeding out the weaker, less competitive market entrants. Those companies that dominate the market are assumed to provide the best service and superior technology. Additionally, the temporary suffering of consumers and smaller companies is framed as inevitable—the acceptable cost of transition to a market led regulatory environment. The government’s potential to regulate prices and protect consumers or smaller competitors is viewed in this moral framework as illegitimate, discouraging self-reliance. Traditional government regulation is associated in both periods’ media coverage with inefficiency and unfairness, since regulations may inappropriately reward

undeserving companies, while punishing the most successful.⁴³ In these ways, discourse supporting the market led regulatory paradigm draws upon an internally coherent moral framework, justifying and rationalizing the negative effects of deregulation while undercutting the legitimacy of the state as a means of regulating the market.

The press coverage surrounding these two policy moments, the AT&T divestiture and the 1996 Telecommunications Act, shows how the role of the state was negotiated in the public discourse during these periods. Both the divestiture and the Telecommunications Act are historically significant events in US telecommunications policy, moments when assumptions about the role of the government shifted dramatically. Deregulation becomes increasingly dominant as a policy option, as discourse supporting market led regulation maintains its prevalence despite significant opposing discourses. The following chapter will explore these trends in coverage surrounding the regulation of the Internet, a group of emerging technologies that became increasingly commercialized in the 1990s, during the widely heralded growth of the “new economy.”

⁴³ One example of this is seen in the coverage surrounding the FCC’s efforts to promote the diffusion of broadband in 1998. Regional Bell companies argued that being required to allow competitors access to their high-speed data networks discouraged the Bells from building more infrastructure

CHAPTER SIX: THE NEW ECONOMY AND INTERNET REGULATION

Since its privatization in the early 1990s, the Internet has been largely unregulated, despite its historical roots as a government-funded US military project. Whereas the AT&T divestiture and the 1996 Telecommunications Act are both watershed moments of deregulation, the Internet has often been framed as inherently impossible or impractical to regulate. The emergence of convergent, Internet-related technologies in the 1990s indeed often was cited as justification for further deregulation of traditional communications media in that Internet technologies symbolized a new, competitive generation of content delivery and services. In addition, the celebrated high technology boom of this period was frequently linked to the Internet's lack of government oversight, so that market led industry development was equated with economic growth and success. Restrictions on content, encryption, and industrial consolidation were often framed as threats to the nation's economic prosperity.

This chapter examines the public discourse surrounding the regulation of the Internet between 1993 and 2001, drawing on news coverage in the *New York Times*, *Newsweek*, *US News and World Report*, and *Wired*. This analysis shows how the discourse of public concerns shifts over time in response to US government policy as well as to changing conceptions of the Internet and the Internet economy. The chapter primarily focuses on the discursive linking of active state regulation with economic failure, demonstrating how government involvement was perceived as harmful to the

emerging technology economy. In this discourse, the Internet is framed as both a powerful engine in the national economy, and as a fragile, nascent industry vulnerable to overzealous government regulators. This connection between economic prosperity and market regulation is reinforced by another accompanying discourse of the Internet and related industries as new and unprecedented, portrayed as either naturally unregulable or as necessitating a new paradigm of reduced government involvement.

While these two related themes demonstrate the continued strength of the pro-deregulatory discourse visible in the previous two chapters, they are accompanied by a significant amount of coverage focused on anxieties produced by market regulation. While the 1996 Telecommunications Act engendered a variety of concerns and complaints in media coverage, these problems were often blamed on the government for not deregulating thoroughly enough, rather than upon deregulation itself. Lack of progress in achieving the Act's stated goals of competition, technological innovation, and more choice for consumers is frequently attributed to the FCC's pigheaded bureaucracy, rather than to the obstructive behavior of the Baby Bells, or the cable industry's unwillingness to invest in new network infrastructure. The fears surrounding market regulation in the present chapter are more similar to those in the AT&T divestiture coverage, which are focused on consumer issues such as higher prices and degrading service quality, often framed as the result of deregulation. Like the chapters analyzing the media coverage surrounding the AT&T divestiture and the 1996 Telecommunications

Act, the present chapter investigates the discursive strategies that have had the effect of promoting a market led regulatory paradigm in public discourse.

Calls for more government regulation of the Internet and related industries are sometimes framed in economic terms, most visibly in articles describing the drive for consumer privacy protection. This discourse argues that e-commerce, predicted to be a significant contributor to economic growth, will never truly flourish until government-mandated privacy policies are in place. Other anxieties surrounding market regulation include concerns over the “private censorship” exercised by commercial filtering programs, competition in broadband networks, and a growing fear of consolidation. This coverage tends to cite prominent consumer groups, such as Consumers Union and the Center for Media Education, which are less visible in the coverage surrounding the 1996 Telecommunications Act.

Mergers and industry consolidation, framed in later Telecommunications Act press as inevitable and even welcome, are openly questioned in the press, especially after 1999. Coverage from 2000 and 2001 may frame the ongoing consolidation of communications industries as inescapable—as in the 1996 Act coverage—but the concentration is presented as potentially dangerous to media diversity and the promotion of open competition. While the news stories surrounding the aftermath of the Telecommunications Act attempted to rationalize the spate of mergers following the legislation, framing them as a case of Darwinian survival of the fittest, later coverage of Internet regulation reflects concern over the increasing dominance of a few companies.

While the telecommunications industry had always been fairly concentrated, first with the government-regulated monopoly of AT&T and later with a handful of dominant local providers, the Internet industry was composed of many small start-up companies and had low barriers to entry. Thus, the consolidation of ISPs (Internet Service Providers) and the increasing domination of the Internet by large corporations such as AOL was a more dramatic industrial shift. Internet backbone providers also became more concentrated so that by 2001, seven chief providers—all owned directly or indirectly by large telecommunications carriers--controlled 83 percent of the backbone market (Krapf, 2001). These companies included Worldcom, with a reported market share of 29 percent, Sprint, with a market share of 15 percent, and AT&T and Cable & Wireless, each with a market share of eight percent. The dominance of these carriers was especially of concern because of their control over peering arrangements--agreements to interconnect with other networks—which allowed them to act as gatekeepers to the greater Internet.⁴⁴ By terminating peering agreements with smaller ISPs, these backbone providers could prevent them from connecting to other networks, disrupting service for the smaller companies' customers.⁴⁵ Increased anxiety may also be related to the collapse of the

⁴⁴ For greater description of the consolidation of ISPs and trends in peering arrangements in the 1990s, please see Kenneth Neil Cukier's 1997 paper "Peering and Fearing: ISP Interconnection and Regulatory Issues."

⁴⁵ This threat of termination occurred in the spring of 1997 when backbone provider UUnet announced its intention to end peering arrangements with several ISPs, demanding that the smaller companies enter into transit agreements with UUnet, paying for interconnection with the backbone provider. A later example is seen in the middle of 2001, when backbone provider Cable & Wireless chose to end its peering arrangement with PSInet, a major ISP on the verge of bankruptcy.

Internet economy bubble, which began in the spring of 2000, as stock prices began to slide and a rash of “dot-com” companies went under. The news of the crash and its aftermath reflects a continuing optimism, often associated with Federal Reserve Chairman Alan Greenspan, that the new technology economy will rise again very shortly, and continue the historic period of expansion. Later coverage, however, indicates a growing skepticism of the over-hyped Internet market, and some stories even suggest that the economic downturn has only begun.

Examination of the news coverage surrounding Internet regulation in this eight-year period shows how discourses of deregulation continued to develop in the US and how arguments for market led regulation were applied to an emerging technology. Given the progression of free market rhetoric during the 1980s and early 1990s, the anti-regulatory discourses surrounding the Internet are unsurprising. At the same time, the public discourse examined here exhibits a great deal of anxiety in regard to self-regulation and the wellbeing of citizens and consumers. In terms of policy, however, this public anxiety appears to have had little effect—despite considerable concern over consumers’ privacy rights and industry consolidation and even the bursting of the Internet bubble, deregulation continues to be a dominant policy trend, with its underlying assumptions largely unquestioned.⁴⁶ This chapter traces these discourses of economic

⁴⁶ Although market led industry development continues to be a favored policy, allowing dominant companies to consolidate power through huge mergers and the termination of open access rules for broadband networks, there are some recent cases where widespread public protest has been mobilized, influencing some policymakers. These include the television ownership cap limit, which was lowered in 2004 after widespread criticism,

success and anxiety, focusing on how economic growth was invoked to justify a market led regulatory paradigm.

Organization

After briefly describing the research methods employed in this analysis, this chapter moves on to examine the historical context of the media coverage. This section looks at the background of the Internet and its privatization in the early 1990's, followed by increasing commercialization as the decade progressed. The decade began with hopes for an emerging National Information Infrastructure (NII) that would support research and education as well as commerce, but by late 1997 the Internet was primarily identified with the sale of commercial products and services. This trend is also apparent in contemporary mass media coverage, where early hopes for enhanced education and political activism are replaced by news frames that position the Internet as a revolutionary new medium of commerce and entertainment. The second part of this historical overview looks at the "new economy" phenomenon of this period, as venture capitalists invested heavily in Internet start-ups and e-commerce was predicted to revolutionize the economy. This historical summary describes the zeitgeist of this dynamic period, which faltered in 2000 as the stock market plummeted.

The chapter continues with an analysis of news articles from this era, first examining how regulation, such as limitations on the export of encryption technology and

and the issue of network neutrality, which has galvanized a broad spectrum of activist groups in 2006. The network neutrality debate is described in greater detail below.

proposed e-commerce taxation, is framed as a direct threat to the emerging Internet economy. Following this study of economic arguments against regulatory restrictions, the analysis will turn to a supporting discourse that frames the Internet as naturally resistant to regulation. The next section of this analysis addresses opposing discourses which frame government regulation as necessary to the support of the economy and regard the free market with anxiety. The chapter also looks at the decreasing enthusiasm for mergers and consolidation that appears in later Internet coverage, reversing the trend seen in the press surrounding of the 1996 Act. The coverage of the crash is examined, including post-crash critiques of the Internet stock bubble and calls for continued faith in the market. Finally, the chapter concludes with a general analysis of trends in discourse among the different media outlets in this period.

Methods

News coverage for this chapter was identified through searches of the Lexis-Nexis database for articles from the *New York Times*, *Newsweek*, and *US News and World Report*, and the online *Wired* archive between 1992 and 2001. No significant articles were found in any of the four publications for the year 1992, when the Internet was still relatively obscure. The online searches were intended to find news articles addressing the emerging commercialized Internet, the highly publicized new technology economy, and regulatory concerns. Specifically, this chapter is intended to address discursive connections between the economic success of the privatized, commercial

Internet in the US and deregulation in order to see how the rising technology economy is used as a rationale for continued deregulation in the communications industries, and continued market regulation of the Internet.

The search terms “Internet” and “policy” or “regulation” were selected after testing several alternatives, and searches focus mostly on the headlines and leads of articles, to increase the likelihood that the articles would address Internet regulation as a primary topic.⁴⁷ This search limitation was not possible in the *Wired* archive, however. Searches of *New York Times* articles appearing after the end of 1996, when the volume of news coverage increases dramatically, were limited to front-page articles. For the period before 1997, when coverage was scarcer, searches of the *New York Times* include articles on all pages.

After articles matching the search terms were retrieved, each was read repeatedly, identifying principal discursive themes and longitudinal patterns. The analysis found a number of articles in all four publications that imply a connection between the strength of the Internet economy and continued market regulation. While this is the primary focus of the chapter, other strongly represented themes were also identified, such as the consumer and civil liberty concerns surrounding self-regulation, and the trope of the Internet and the Internet economy as paradigmatically new and inherently unregulable. Articles were grouped by category and publication and examined chronologically for trends, as well as

⁴⁷ This arrangement of search terms identified articles including either the words “Internet” and “policy” in the headlines and leads of articles, or the words “Internet” and “regulation” in the headlines and leads of articles.

for patterns in coverage among the different publications. Broad categories include discourse supporting continued market regulation with economic justifications, discourse supporting the introduction or strengthening of government oversight with economic justifications, and a wide selection of articles representing “anxiety” discourses, focusing on the dangers of market led regulation. Within this broad grouping, articles were also coded for topical focus, including categories for encryption, privacy, and content regulation, as well as structural issue such as antitrust enforcement and consolidation. Significant use of quotations and spokespersons was also identified.

Historical Context: The Emergence of a Commercial Internet

The decentralized network known today as “the Internet” originated as a publicly funded research project, administered by the Advanced Research Projects Agency (ARPA), under the aegis of the Department of Defense. The early ARPAnet was intended to facilitate resource sharing between government institutions and their affiliates, and also to provide a survivable network, one that could withstand catastrophic attack. Network nodes were situated at universities and government research sites and although the influence of the military waned in the 1980s, media historian Brian Winston (1998) points out that in 1979, only 16 nodes were located on campuses, while 46 nodes were located at sites associated with the “military-industrial complex” (p. 331-2). During the 1970s and 1980s, early proprietary commercial networks emerged, including CompuServe and America Online. When ARPAnet was decommissioned in 1990, the

administration of the Internet backbone was transferred to the National Science Foundation (NSF), which worked with companies MCI, IBM and the nonprofit Merit Corporation to create the first private Internet backbone. In 1995, NSFNET was defunded, and commercial networks owned by companies such as Sprint, Ameritech, and AT&T became the primary sources of Internet backbone connectivity.

Internet use spread dramatically during the 1990s with the advent of the World Wide Web. Software for the Web was developed in the 1980s and early 1990s by British scientist Tim Berners-Lee at CERN, a particle physics laboratory in Switzerland. The laboratory chose to make the technology non-proprietary, available to all who could access it. As an online technology allowing the presentation of hyperlinked images, text, and multimedia, the Web helped to popularize Internet communication, which had previously been largely text-based. Until the 1990s, the Internet was popularly viewed as a fairly esoteric tool of military personnel and academic researchers who constituted a knowledge elite. While media researchers such as Allucquère Rosanne Stone (1996), Stewart Brand (Brand 1995; Turner 2006), and Howard Rheingold (1993) have emphasized the countercultural and communitarian cyberspace environment in the late 1980s and early 1990s, other scholars including Brian Winston (1998), Dan Schiller (1999), and Manuel Castells (1996) frame the Internet's growing commercialization as inevitable, for better or worse. Winston states:

From the late 1980s on, and despite the illusion of independence which had surrounded the enterprise almost from the outset, it was inevitable that this tax-funded and government-managed asset would be handed over to the private sector...Those who seriously believed they were in a brave new world of free and

democratic communications were simply ignoring the reality of their situation (p. 333).

Winston suggests that the commercialization of the Internet is an example of the *suppression of radical potential*, as established cultural and institutional traditions reacted conservatively to the emerging network technology. Schiller critically refers to this trend as the “neoliberal networking drive,” arguing that despite the utopian rhetoric surrounding cyberspace, “[T]he Internet comprises nothing less than the centralized production and control apparatus of an increasingly supranational market system” (p. xiv). While neoliberalism refers to the lack of government involvement in private enterprise, Schiller emphasizes that this deregulatory trend actually required “unremitting political intervention,” leading to the state’s abandonment of traditional public service policy (p. 2). He argues that the attraction of market regulation was rooted in government officials’ hopes “that the continued US corporate stewardship of the exploding information technology industry might renew waning US global political-economic power” (p. 7). This argument resonates with the media coverage studied in this chapter, as economic success is repeatedly cited as a primary reason for favoring market leadership over state regulation.

While Schiller is sharply critical of this logic, suggesting that the state’s embrace of market regulation is at the cost of the public interest, Castells (1996) at least partially absolves political institutions of representing their constituents’ interests, except by creating better environments to attract business and providing a flexible and appropriately

educated labor force (p. 384). He states, “In the long term productivity is the source of the wealth of nations,” and political entities and companies do not embrace technological or productive advancement “for the betterment of humankind”(p. 80). In this way, political institutions are portrayed as focused on profitability, representing constituent interests within a global system of informational capitalism based on fierce competition. The political interests of the state are linked with the success of the firms within its borders so that the national interest dovetails with the regional corporate interests. The state’s legitimacy is bound to these firms’ performance on the global stage, so that “the new form of state intervention in the economy links up, in an explicit strategy, competitiveness, productivity, and technology” (p. 89). The state is necessarily transformed into a facilitator of private commerce in Castell’s paradigm, and this preference for the guidance of the market is legitimated with economic arguments, which are demonstrated in the public discourse described later in this chapter.⁴⁸ Traditional notions of the public interest including consumer protection, affordable access, and antitrust enforcement are ignored in this framework, which privileges the needs and interests of private industry over those of consumers and citizens. One early example of

48 At the same time, Castells (1996) notes that this trend of Internet commercialization may not have been be the general will of the population (p. 366). Citing a study of multimedia demand, Castells reports that interest in political uses of these communications media for voting or community discussion exceeded users’ interest in entertainment content (p. 368). “[O]bservation tends to suggest that mass-produced, diversified entertainment on demand may not be the obvious choice for multimedia users, although it is clear that this is the strategic choice of business firms shaping the field”(p. 369).

this trend toward favoring market interests is found in the policy discourse surrounding the National Information Infrastructure. The NII was originally conceived as a network promoting public interests of improved education and healthcare, as well as private commercial interests, and this is evident in early policy documents. Over time, however, the public interest dimension of the NII was elided so that during the negotiations of the 1996 Telecommunications Act—which Donald Case (1998) refers to as “the most visible of initiatives” to realize the NII—input from educators and other public interest advocates was actively discouraged, as industry representatives and legislators met in closed meetings (p. 377).

The National Information Infrastructure

In the beginning of the 1990’s, the Internet was an obscure group of communication technologies employed mostly by academic and government researchers and computer hobbyists. During this early period, the National Information Infrastructure, or NII, was proposed by the Clinton-Gore Administration. This initiative suggested that private investment would support the construction of a national communications network, but still preserved the government’s role as a guide and facilitator of the NII. The NII is significant as an early vision of the Internet’s potential, and touted benefits in education, government information accessibility, and telemedicine, as well as new opportunities for consumers.

Gore first suggested a national data superhighway in 1991 as a senator, in an initial draft of the High Performance Computing Act (Moeller, 1993). Supercomputing research centers would be linked by a high-speed network, and would support the continued development of advanced computing. The concept of an information superhighway was widely promoted and broadened in the Clinton-Gore presidential campaign in 1992, and was associated with educational opportunities and the public availability of government data, and as well as economic growth.

In September of 1993, Gore and Secretary of Commerce Ron Brown presented the NII Agenda for Action. This document attempts to define the components of the proposed NII, including information archives, communication technologies, and networks, and sets forth the initiative's goals. The Agenda for Action defines these goals widely, referring to public information accessibility, telemedicine, education, and research, as well as commerce and entertainment. While the Agenda identifies the private sector as the primary source of investment for the NII, it also stresses the continuing need for government leadership in several areas, including information security, network reliability, and the extension of universal service. The shared responsibility of the public and private sectors is further defined in Gore's December 1993 speech to the National Press Club, where he again promotes government involvement—"because there are certain public needs that outweigh private interests" (Gore, 1993). While economic growth remains an overarching goal of the NII, it is

imagined to occur through the growth of distance education and telemedicine, rather than electronic commerce (Gore, 1993).

In Case's 1998 analysis of over 80 NII-related policy documents, he notes that although the NII is often framed as a means of stimulating economic growth, education is the most frequently mentioned benefit, with highly visible proponents including Gore, Microsoft founder Bill Gates, and media executive Geraldine Laybourne. Referring to the diverse group of interests promoting the NII, Case states:

Promotional views claim that the primary content of the NII would be both informational and educational, and would spur the growth of the economy through electronic commerce. The effects of such content would occur on two levels: For the individual, the NII would mean increased learning, more job opportunities, and greater chances to interact with others towards social, economic and political goals. On a national level, the NII services would expand the economy, address social problems like poverty and social needs like education, and make the country more competitive internationally (p. 398).

While economic growth and global competition are central goals, they are accompanied by a host of other non-commercial objectives. Comprehensive telecommunications legislation introduced in 1993 and 1994 represents the public interest in a variety of ways. A bill sponsored by Representatives Ed Markey and Jack Fields, HR 3636, required discounts on telecommunications services for schools, libraries, and rural health care centers and proposed greater exploration of civic uses of the Internet. Senate bill 1822, sponsored by Senators Ernest Hollings and John Danforth, advocated very limited cross ownership between cable and telephone companies in order to discourage consolidation, proposed discounted advanced telecommunications services for nonprofit

institutions including museums and schools, and asked that 20 percent of the information superhighway be reserved for public, non-commercial use.⁴⁹ These original proposals were ultimately unsuccessful. During the mid-term elections of 1994 the Republican Party gained 54 seats in the House and 8 seats in the Senate in the so-called “Republican Revolution.” Passage of these bills was extremely unlikely in this new environment, and prominent Republicans such as House Majority Leader Newt Gingrich and Senator Robert Dole called for more purely deregulatory legislation. Case notes that as of 1995, public interest advocates were literally shut out of negotiations surrounding the 1996 Act, which were dominated by the telecommunications and cable industries. Public, non-commercial interests in the NII were progressively marginalized in this way, contributing to the ongoing commercialization of the Internet.

Commercial Discourses of the Internet in Mainstream Media

Another way to study the Internet’s process of commercialization is through mass media discourse. Seamus Simpson (2004) notes that the “neo-liberal orthodoxy” of commercialization was promoted as “common sense,” and this is evident in media representations of the Internet in the 1990s. While early coverage of the technology focused on its potential for political activism and empowerment, later press frames the

⁴⁹ Patricia Aufderheide (1999) reviews the development of these bills in greater detail in *Communications Policy and the Public Interest*.

Internet increasingly as a tool of commerce.⁵⁰ “ Pamphleteering in the Electronic Era,” a 1994 *US News and World Report* article, refers to “freedom” as the “ultimate Internet worm, burrowing into 100 countries and 10,000 computer networks.” The article refers to various Internet-related slogans, including “Jack in, rock out, and free your mind” and “Information wants to be free” (Sussman, 1994). A *Newsweek* story titled “Dissent on the Hard Drive” describes the Internet as a tool for human rights advocacy, referring to Amnesty International’s use of online bulletin boards and to the online efforts of Peacenet, a nonprofit organization. The article explains, “The Internet is turning into a powerful communications weapon because it can bypass governmental restrictions and provide instant communication” (Kantrowitz, 1994). The Internet is approached in this article as a means for battling censorship and free speech violations, and for political networking. *Time*’s special spring 1995 issue, “Welcome to Cyberspace,” features an article by Stewart Brand of MIT in which Brand stresses the visionary, independent nature of cyberspace. He traces the Internet to “hippie communalism and libertarian politics” which “formed the roots of the cyberrevolution,” and suggests that the liberatory, self-reliant nature of the Internet continues to spread (Brand, 1995). Brand frames the development of the Internet in terms of revolutionary waves, suggesting that early hackers were the first to transform computers into “tools of liberation”(Brand, 1995). His rhetoric is both utopian and non-commercial, implying that Internet technology is inextricably interwoven with themes of decentralized power and free flows

⁵⁰ The research discussed in this section is based on a previous analysis of news articles in *Time*, *Newsweek*, and *US News and World Report* between 1993 and 2000.

of information. This “revolution” is framed as an ongoing, spreading force that will transform political and economic structures, carrying the influence of 1960s libertarianism into later decades. Internet coverage by *U.S. News and World Report* takes a similar tone, noting John Perry Barlow’s call to “declare cyberspace sovereign”(Leo, 1995). The article implies that this secessionist, libertarian outlook is popular among avid Internet users, observing, “This ‘nothing will ever be the same’ theme has a triumphal, libertarian edge...John Perry Barlow thinks computer use is creating more political libertarians each day, and there seems to be something to his theory”(Leo, 1995). Another 1995 article in *Newsweek* illustrates the tension surrounding the early commodification of Internet services and content, describing the “uproar” over a commercialized chess server. The article reports that one user called the move “the rape of the Internet by business” (Searching for Bobby Freebie, 1995).

Although the Internet continues to be promoted as an information technology after 1995, mainstream discourse increasingly situates the Internet as a tool of material and cultural consumption. E-commerce is framed in terms of consumer choice, individual empowerment, and hands-off regulation (Greenwald and Bonfante 1996; Levy, Hafner, Branscum, & Stone 1997; McGrath 1997). One *Newsweek* article reports on the fight to resist taxation of e-commerce, profiling an activist who suggests that a permanent ban on taxation would be “a triumph for freedom in the new millennium” (Fineman 1999). *Time* predicts that inflated retail goods prices in Europe will fall, partially due to the Internet. “[G]reater ease of travel, along with the borderless, democratic Internet, already gives

shoppers the ultimate weapon—knowledge—and the ultimate power to vote with their wallets” (Buyer Beware, 1999). Internet users are correspondingly framed as a market, or perhaps more accurately, multiple segmented markets. This rhetoric of commercialization conflates public interest and individual empowerment with consumer agency, so that the Internet is hailed as a new form of customized, convenient media service offering more choice and flexibility to the user. In this way, the political rhetoric of power and liberation remain, but now refer to the freedom offered by greater consumer choice and commercial competition.

Between the beginning of 1994 and 1997, very few articles cast the Internet as a tool of commerce, although several appear during this period referring to the Internet as a medium of entertainment. In December 1997, perhaps corresponding with winter holidays, coverage of electronic commerce rises dramatically. Whereas previous coverage framed online entertainment and commercial enterprises as fledgling or experimental, the discourse of late 1997 and 1998 is confident; the novelty of electronic shopping begins to wear off as it becomes increasingly mainstream. The Internet is hailed as a profitable commercial medium, and predictions of future e-commerce are optimistic. *Time* reports that commerce has triumphed over content, and that the surge in online commercial activity has led to massive successes in the information industry.

“[E]verywhere you hear the same story: thanks to E-commerce—selling goods and services on the Web—their business is exceeding the rosier expectations”(Quittner 1997). At the same time, this article notes that this reverses earlier expectations that the

World Wide Web might lead to “a renaissance for writers and artists and even journalists.” Instead of serving as a source of community, information-gathering, or creative expression, the Internet is declared “a mall without a parking lot”(Quittner 1997).

In December 1998, AOL’s purchase of Netscape is framed as a masterstroke of e-commerce genius, a business deal that will allow AOL to “build the largest shopping mall on Earth.” The development of the Internet is reflected upon here:

The World Wide Web started out as a place to find information. But forget information. The Web is becoming a mass medium, not just a haunt for nerds. And there is little the masses enjoy more than finding, acquiring, and consuming things. In other words, shopping (Mitchell 1998).

No longer the fringe environment of technophiles, the Web is heralded as a mass medium, democratized in its devotion to consumption. And while the Web is still sometimes framed as an informational technology, this is clearly no longer its primary designated function. *Time* declares 1999 to be the “year of e-tailing,” and reports on the attempts of emerging e-commerce start-ups to launch themselves into the 1999 holiday season (Carlson, 1999). E-commerce is framed in terms of consumer choice, individual empowerment, and hands-off regulation.

News coverage from the spring of 2000 continues to portray the Internet primarily as a means of consumption, eliding other potential uses such as education, information gathering, and political organization. In this way, the commercialization of the Internet is normalized in public discourse and the conflation of Internet use and commerce is

increasingly naturalized. The present chapter focuses more precisely on the discourse surrounding prospective Internet regulation, but this general trend of media coverage framing the Internet as a means of consumption is significant. As the Internet is increasingly portrayed as a commercial technology, avoiding government regulation is justified as necessary to support its budding economy. This chapter shows how this heralded new economy is invoked again and again in arguments against state intervention. The strong association of the Internet with commerce in public discourse paves the way for this economic argument, as regulators are implored not to interfere with the miraculous processes of the emerging new economy.⁵¹ The following section reviews the basic assumptions surrounding the concept of the new technology economy during the 1990s boom, and introduces some of the key policy issues that arose in this period, including open access and government restriction on encryption technologies.

The New Economy and the Internet Stock Bubble

Between 1995 and 2000, Internet-related stocks soared, accompanied by a national fascination with the information technology industry. New, specialized periodicals such as *Fast Company* and *Red Herring* emerged in the mid-1990s to feed this infatuation with the commercial potential of Internet and computer technologies. In February 1998, the *New York Times* introduced a new section titled “Circuits,” which was devoted to new technology issues. The Internet start up company was celebrated as a

⁵¹ The novel attributes distinguishing the “new economy” from the “old economy” are discussed in the following section.

new paradigm of doing business, characterized by impossibly young, visionary executives and their devoted staffs who would toil through nights and weekends to support the fledging technology companies. *Time* heralded these “Golden Geeks” in a cover story including Netscape founder Marc Andreessen, who began working on Web browser technology at the age of 21 (Collins, 1996).

The August 9, 1995 initial public offering of Netscape is one way to mark the beginning of the Internet stock bubble. Netscape’s value increased from an opening price of \$28 a share to \$74 per share on its first day as a publicly traded company, making founder Andreessen suddenly worth \$70 million. (Cassidy, 2002, p. 85). In the next five years, other Internet companies’ IPOs successfully followed, gaining enormous valuations despite the fact that many produced no profits. Financial journalist John Cassidy cites the example of Priceline.com, which went public in the spring of 1999. At the end of the first day, the small company was valued at nearly \$10 billion, more than the combined value of United Airlines, Continental Airlines, and Northwest Airlines. Cassidy notes that this buying frenzy occurred despite Priceline’s few assets, and as skyrocketing IPOs were common in this period, it generated almost no publicity (Cassidy, p. 3). In addition, the company had actually lost more than \$114 million in 1998, its first year of operation. Several weeks after its IPO, the fledging company was worth \$150 per share—more than the entire US airlines industry (Cassidy, p. 8). Commenting more generally on the speculative phenomenon, Cassidy states:

When Wall Street and corporate America did discover the Internet, they adopted it with the zeal of converts, and the bubble started to inflate. Once that happened, the

process was self-reinforcing, with everybody involved trapped in the peculiar competitive logic of a speculative boom...Consequently, virtually any company with the suffix “.com” after its name could raise money (p. 7-8).

Despite stock prospectuses clearly stating that the start ups had no expectation of profits in the near future, investors continued to pour money into the market, seemingly infatuated with all things high tech. David Callahan (2004) observes, “It seemed that anyone with a half-decent business plan could raise millions, and that any company with a half-baked technology product could become worth billions on the stock market” (p. 241). This Internet stock mania has been attributed to a variety of influences. While Cassidy cites Charles McKay’s theory of the “madness of crowds” among other social and economic factors, economist Robert J. Shiller applies epidemic models to investor behavior, examining how the Internet’s rising profile in the news media contributed to the phenomenon.⁵² Mutual funds, especially those focused on stocks, rose dramatically. In 1995, US citizens invested \$100 billion dollars in stock funds, and between 1996 and 1999, approximately \$170 billion per year was invested (Cassidy, 2002). The practice of day trading spread in the late 1990s as Electronic Communication Network services (ECNs) welcomed small investors.⁵³ New brokerage firms catering exclusively to online traders such as E*trade appeared, offering low commissions in order to encourage more

⁵² Curiously, while the Internet bubble is often explained as an example of irrational and ultimately destructive group behavior, James Surowieki’s 2004 book *The Wisdom of Crowds: Why the Many are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies, and Nations*, published a few years after the stock crash, has become a business bestseller.

⁵³ In 1997, the Securities and Exchange Commission adopted new order handling rules that facilitated the entry of small investors into the day trading market.

frequent transactions. Day traders bought and sold stock shares, often on margin, within minutes, making profits off of small fluctuations in price. This risky practice sometimes resulted in tragedy, as inexperienced, small investors might lose tens of thousands of dollars or more in the blink of an eye.⁵⁴

High tech industry corridors bloomed during this period. Between 1990 and 2000, 29,000 new technology firms were created in the legendary Silicon Valley, and a similar number emerged during this period in the Washington DC area. The Boston region gained about 24,000 new technology-focused companies during this decade (Zhang, 2003). Many got off the ground thanks to venture capitalist investment, which also skyrocketed. In 1995, approximately 1770 venture capitalist deals were made, representing \$7.85 billion in investment. In 2000, the peak year for venture capitalist investment, over 7800 deals were made and over \$104 billion advanced.⁵⁵ These investments were made across several industry sectors, including telecommunications, information technology services, and computer hardware. In the software industry alone, however, venture capitalist funding rose from \$1.14 billion invested in 400 deals in 1995 to \$24.14 billion invested in 2040 deals in 2000.

The concept of a “new economy” or “new era” contributed heavily to the bubble (Lowenstein 2004; Shiller 2000; Cassidy 2002). The emerging age of the Internet was

⁵⁴ The most horrifying example of this kind of tragedy occurred in 1999, when unlucky day trader Mark Barton shot and killed nine people at All-Tech Investments in Atlanta, Georgia, shortly after murdering his family.

⁵⁵ Price Waterhouse Coopers Moneytree™ Survey Report, Historical Trends. Accessed at <http://www.pwcmoneytree.com/moneytree/nav.jsp?page=historical> on June 10, 2006.

predicted to steadily increase companies' productivity and efficiency, ushering in an era of unprecedented long-term economic growth. The exceptionalism of this theory—the assumption that the US economy was experiencing something entirely new, due to the diffusion of advanced information technologies—discouraged critical analysis of the inflating market. Prominent mainstream economists including Dale Jorgenson, Kevin Stiroh, Paul Romer and Robert Gordon embraced the belief that the diffusion of information technologies (IT) in the workplace had increased productivity, leading to a historic expansion of the US economy.⁵⁶ The high growth economy resulting from this productivity boost appeared to resist inflation and the Federal Reserve, led by Alan Greenspan, allowed interest rates to remain relatively low, encouraging investment. While corporate managers increased capital spending on labor-saving IT, the globalization of the economy and technological advances also allowed companies to save money, moving production to cheaper sites around the world. Additionally, US companies were able to reach new international markets, exporting more goods. These factors of increased productivity due to IT and globalization allowed corporate profits to rise steadily, as investors continued to pour money into the market. Supporters of the new economy paradigm also believed that the current expansion was uniquely resistant to recession, and for a few years as companies continued to report high earnings rates while

⁵⁶ Research supporting this belief was published in papers including “Raising the Speed Limit: U.S. Economic Growth in the Information Age,” by Jorgenson and Stiroh (2000) and “Has the 'New Economy' Rendered the Productivity Slowdown Obsolete?” by Robert Gordon (1999).

inflation remained low, this appeared to be true. In 2000, however, the new economy experienced a deep hiccup.

Roger Lowenstein, in *Origins of the Crash* (2004), suggests that Federal Reserve Chairman Alan Greenspan was “the only person who even had a plausible chance of halting such an insanity” through exercising greater caution and raising interest rates to discourage the investment mania (p. 101-2). Greenspan did note the possibility of unreasonably high valuations in a December 1996 speech, asking, “[H]ow do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions...?” (Quoted in Cassidy, 2002, p. 133). Once it became clear to investors that the Federal Reserve would not raise interest rates, however, the stock market continued at full throttle until the beginning of 2000. Between February and May of this year, the market capitalization of publicly traded Internet stocks fell 45 percent. Market capitalization, valued at \$1 trillion prior to the stock crash, fell to \$843 billion by June 2000, and plummeted to \$572 billion by the end of the year (Demers and Lev, 2001). Two hundred and twenty-five Internet companies closed in 2000, followed by 537 more firms folding in 2001.⁵⁷ E-commerce and content websites were the most affected in this wave of company failures during 2000 and 2001, accounting for two thirds of failed sites (Ames, 2001). Between December 1999 and June 2001, 100,000 jobs in the Internet industry were lost, with 50,000 of these jobs disappearing in the first half of 2001 (Spiegel, 2001). A 2001 report from Webmergers, an Internet industry

⁵⁷ This data is from Webmergers.com, cited in Ames (2001).

research firm, estimated that by the end of 2001, up to 10 percent of “significant” Internet companies had gone bankrupt or had shut down completely (Dot com Failures Easing, 2001).

New Economy Issues: Encryption and Open Access

This section discusses two of the key issues that appear regularly in public discourse on Internet policy during the 1990s new economy era, providing historical context for the coverage that is examined later in the chapter. Principal policy issues emerging during the new economy include data encryption and open access requirements. Encryption was primarily a military interest until the 1970s and the emergence of public key cryptography, which allowed two people to communicate securely over an insecure network without selecting a secret encryption key in advance. The US government, urged by the National Security Agency, sought to restrict this new form of encryption with export controls, declaring powerful public key cryptography to be a form of munitions. Businesses protested this classification, arguing that cryptographic systems should be considered “dual-use,” necessary for both civilian and military operations and thus subject to less stringent controls. Additionally, US companies noted that if they were unable to produce and export cryptographic products, European and Asian firms would dominate the global cryptography market. This concern became increasingly important as use of the World Wide Web and e-commerce, which was dependent upon secure transactions, spread.

By the early 1990s, the Department of Commerce allowed streamlined export approval for 40-bit encryption systems, which were relatively weak (Landau & Diffie, 1999). In 1993, the government proposed use of the Clipper Chip, which would allow use of more powerful 80-bit encryption, but contained a “back door,” allowing federal agencies to hold keys in escrow. The government—primarily the Justice Department—argued that this regulation was necessary, in order to allow law enforcement to monitor the activities of drug traffickers and terrorists. The Clinton Administration liberalized its policy slightly in 1998, allowing freer export of 56-bit encryption, without federal key escrow. Internationally, however, 128-bit encryption had become standard. Congressional support for easing government restrictions of encryption grew during this period, as it became increasingly evident that stronger encryption standards were necessary to support global electronic commerce. In 2000, the Clinton Administration announced that key length would no longer be a primary concern in evaluating encryption for export. Retail encryption products would be subject to a one-time review, but would otherwise be generally free of regulation.

With the development and spread of broadband networks, open access became another key issue in the Internet economy. As cable and telephone service providers built high-speed infrastructure, Internet Service Providers (ISPs) including Earthlink and AOL requested access to these new networks. Because of historic access provisions governing the telephone system, ISPs were able to pay for space on Digital Subscriber Line (DSL)

networks and offer high-speed service.⁵⁸ Incumbent telephone companies investing in these DSL networks protested these open access requirements, arguing that they should not be forced to lease access to competitors.⁵⁹ Concerns over concentration in the broadband market grew as AT&T merged with cable companies TCI and Mediaone. Consumer groups warned that competing ISPs must be allowed access to AT&T's @Home broadband network, but the FCC declined to impose access requirements.⁶⁰ In negotiating permission to merge with Time Warner in 2000, however, AOL agreed to allow open access to its broadband networks until 2005. In the "Brand X" decision of June 2005, the Supreme Court ruled that cable operators could refuse to lease network lines to competing ISPs, based on the argument that data transmission over cable networks is considered an information service, and is not subject to the common carrier obligations of telecommunications services. In August 2005, the FCC extended these information service rights to DSL carriers, strongly represented by the regional Bell companies, allowing them to refuse to lease lines to competing ISPs.

⁵⁸ Telephone systems have been regarded as common carriers. This status indicates that a network's owner cannot control the content or destination of transmissions. The common carrier principal also has been applied to transportation, such as railroads and toll roads, and to public utilities.

⁵⁹ Telephone service providers' access requirements go back to the early 20th century. In the Kingsbury Commitment of 1913, AT&T agreed to provide independent local carriers with access to AT&T's widespread long distance network, in an effort to avoid antitrust investigation. After the divestiture, the Baby Bell incumbent local exchange carriers, or ILECs, originally had local monopolies but were required to provide equal access to competing long distance companies and not favor their former parent, AT&T.

⁶⁰ The City of Portland and County of Multnomah in Oregon attempted to require AT&T to allow open access, but were eventually defeated in court.

This denial of traditional common carrier requirements is especially relevant to the 2006 debate over network neutrality, where economic arguments are also invoked. Telecommunications and cable companies assert increasing control over broadband infrastructure, claiming that ownership rights should allow them to offer preferential treatment to content providers willing to pay a fee. Traditionally, transmission of Internet content has been governed by common carrier principals including nondiscrimination, interconnection, and access. Each bit of information sent over the networks must be treated equally, and network operators must be able to interconnect with other networks, so that each end user can connect with other end users, even those on a different network. The tiered service programs proposed by ISPs would allow them to favor particular content providers, such as certain search engines, expediting their content transmissions for a fee. Organizations promoting strong network neutrality requirements, such as Consumers Union and the Media Access Project, argue that these tiered services are especially threatening to open communication because of the intense consolidation in broadband services, which is heavily dominated by cable companies and ILECs.⁶¹ Organizations opposing network neutrality requirements, however, claim that the policy discourages broadband infrastructure investment, implying eventual economic damage.⁶²

⁶¹ A diverse coalition of organizations has banded together in support of network neutrality legislation, including the American Civil Liberties Union, the Christian Coalition of America, Moveon.org, Gun Owners of America, and the Feminist Majority.

⁶² This argument is apparent on www.handsofftheinternet.org, which is supported by a coalition of companies and organizations including AT&T and BellSouth.

The next section will examine the ways in which the economy was invoked in earlier deregulatory arguments.

Arguments Against Internet Regulation

This section addresses media coverage framing regulation as harmful to the economy and the growth of the information technology sector, beginning with general news stories on Internet regulation and then moving on to specific regulatory issues, such as encryption, broadband network access, and antitrust. As discussed above, the Internet and related industries were often considered to be harbingers of the next great economic age in the US, bringing about an era of unprecedented long-term growth. Traditional regulatory interference is framed in these articles as potentially harmful to this emerging economy, which could not properly develop under government constraints. The strength of this economic argument was considerable, propelled by the Internet companies themselves and embraced by both Republicans and Democrats who wished to associate themselves with high technology and the growing Internet economy. The last theme addressed in this section is that of political influence—as the economy grew, fewer politicians were willing to publicly question the desires of the technology industry, since this would appear disloyal to the booming market.

While the earliest coverage surveyed praises the wisdom of the market, it also allows for a government role, acknowledging that an entirely deregulated environment will not adequately represent public interests. A 1993 *Wired* article on the NII touts the

promise of a Jeffersonian cyberspace, “founded on the primacy of individual liberty and a commitment to pluralism, diversity, and community.” Although the NII will be rightfully built and operated by private companies, government will continue to exercise oversight and ensure competition, which “does more to keep firms honest than a roomful of regulators” (Kapor, 1993). Government intervention “should be minimal” but still has a role in ensuring access, protecting speech and privacy, and seeing that open architecture promotes third party competition (Kapor, 1993). Private interests are intended to take the lead in the construction and daily administration of the anticipated broadband network, which will enrich the nation’s economy, but state oversight does not recede entirely. A *New York Times* story on contemporary antitrust issues cites W. Brian Arthur, a professor of economics at Stanford, who argues that government intervention is necessary to promote genuine competition, so that “a company’s control of one market does not give it a major edge in new high-tech markets” (Lohr, 1995). A later *Wired* article is generally against the regulation of the market, but argues that government intervention is needed to see that ordinary citizens benefit from the exploding telecommunications sphere (Kline, 1996). While these articles generally advocate market led regulation, they admit that the market cannot address every facet of the public interest.

This frame recedes by 1997, however, when Clinton advisor Ira Magaziner releases his first report on the administration’s Internet policy. In July of 1997, the Clinton Administration unveiled policy recommendations for the Internet, which are described in one *US News and World Report* story as “surprisingly laissez-faire and

market driven” (Simons, 1997). The report, titled, “A Framework for Global Electronic Commerce, argues that “governments must adopt a nonregulatory, market-oriented approach to electronic commerce, one that facilitates the emergence of a transparent and predictable legal environment to support global business and commerce” (Quoted in Broder, 1997). The government’s role is reduced to international agreements—specifically, convincing other governments to adopt a similar approach of market led regulation—and the protection of intellectual property and pursuing cases of fraud and child exploitation. To fully realize the Global Information Infrastructure’s economic potential, governments must step back. Magaziner states, “If there’s ever an arena that should be market-driven, this is it” (Broder). In other coverage of the report, a *Newsweek* article by Steven Levy breathlessly states that the world is on the verge of “an economic and cultural shift as dramatic as that of the Industrial Revolution,” bluntly asserting that the most important thing government can do at this historic juncture is “get the hell out of the way” (Levy, 1997). This story characterizes the report’s recommendations for government as being limited primarily to the support of business interests. Government is exhorted to “act aggressively and globally, to nurture things that will grease digital commerce” and “persuade foreign governments not to regulate, restrain, or censor the Net.” Donald Gips, adviser to Gore, warns that other governments must not attempt interference, threatening, “otherwise, they’ll be left behind” (Quoted in Levy, 1997). Avoidance of regulation is presented as the only real choice for governments wishing to take economic advantage of the Internet. This sentiment reappears in a later *US News*

article, which credits “today’s turbocharged economy” to “fiscal policy, monetary policy, and business leadership” (Zuckerman, 1997). The author, who is editor in chief of the magazine, suggests that the US has the advantage over other national economies because of “our freedom from excessive government intrusion,” again linking deregulation with economic prosperity.

A year later, in the fall of 1998, the Clinton Administration released another set of recommendations, also authored by Magaziner. Similar to the 1997 policy document, the report argues for improved consumer protection and privacy rights, but asserts “that these can be achieved through self regulation by industries rather than dictated by Government” (Clausing, 1998b). Magaziner, who reportedly predicts that the Internet and electronic commerce will “explode” in potential, continues to argue that the private sector must be more active in the digital age, presumably not waiting for the government to set forth guidelines. Similar to Castells, Magaziner finds that the state must work to facilitate and nurture business for the general good of the country. A *Newsweek* article from March 1999 describing the growth of Internet commerce and broadband networks exemplifies this paradigm, suggesting that “a nation’s wealth and GNP is increasingly tied to the strength of its communications network,” while also attributing the Internet economy’s strength and success to deregulation (Sullivan, 1999). In another example, an October 2000 story in the *New York Times* describes a Silicon Valley entrepreneur taking issue with Gore’s allegation that the Internet boom was largely due to government support, arguing, “for the most part, the success of Silicon Valley has been because people are left

on their own with a minimum of interference, red tape, and bureaucracy” (Riley, quoted in Wayne, 2000). Government is relegated to a minor supporting role in these later stories, while private enterprise is consistently privileged as the true engine behind the nation’s economic success.

Some of the primary proponents of market led industry development are government representatives in this coverage, and this discourse tends to be fairly general. On more specific issues, such as cryptography restrictions and broadband access rules, other voices dominate, relying on similar arguments of economic fragility and future success. The debate over encryption exportation policies garnered a great deal of press until the Clinton administration began to significantly loosen restrictions in 1999 and 2000, and arguments for deregulation are frequently linked to the burgeoning economy in this body of press coverage.

A *Wired* story from the summer of 1993 titled “Crypto Rebels” dramatically frames the encryption debate as “a war going on between those who would liberate crypto and those who would suppress it” (Levy, 1993). While the “cypherpunks”—cryptology experts in favor of “crypto-anarchy”—use revolutionary political rhetoric, the article also contains pointed economic arguments for liberalized encryption policies. The story suggests that the exportation restrictions are directly injurious to US business interests:

If things are tough for individuals, corporations are in even worse shape—even their (weakly) encrypted secret plans are being swiped by competitors. Recently, the head of the French intelligence service quite cheerfully admitted intercepting

confidential IBM documents and handing them over to French-backed competitors (Levy, 1993).

Another 1993 *New York Times* article refers to the restrictions, which “have angered many computer industry executives who argue that the encryption software is the crucial technology underlying a variety of information-age services” (Markoff, 1993a). The threat of foreign competition undercutting US companies continues as a central argument in later stories. In 1995 *Newsweek* coverage, Marc Rotenberg of the Electronic Privacy Information Center (EPIC) argues that the restriction “risks losing sales to overseas companies with no such restraints,” and costs US businesses money (Quoted in Levy, 1995a).

In the summer of 1996, state-supported Japanese company Nippon Telephone and Telegraph begins to sell data scrambling chip sets, which are also seen as threats to US business (Markoff, 1996), still subject to “crippling export controls” (Baker, 1996). In the face of this opposition, the Clinton administration attempted to loosen some restrictions, but these gestures did not appease critics in Congress or industry. *Newsweek* coverage from October 1996 cites Senator Patrick Leahy, who warns “If government continues on this path, people will really say to Europe and Japan, ‘What do you have to offer?’” (Levy, 1996b)

By 1997, the encryption debate is expanded to include dangers to the nascent e-commerce industry. *Wired* notes that “this is a crucial time, when giddy prophecies about electronic commerce may soon be fulfilled...However, this can happen only if systems are secure—very secure—which means strong encryption” (Platt, 1997). Whereas earlier

arguments focus on the US encryption industry (as well as civil liberties, especially in *Wired* coverage), later news stories frame export restrictions on encryption as direct threats to the growth of e-commerce. This occurs at approximately the same time that e-commerce coverage accelerates in the mainstream press surveyed earlier in this chapter, with the news stories frequently predicting that the e-commerce phenomenon will become the primary Internet application, as well as a huge contributor to the nation's economy.

A *US News and World Report* article from October 1997 discusses Congressional bills to ease encryption restrictions, “with the twin goals of protecting the US software industry's worldwide dominance and giving a boost to electronic commerce” (Mitchell, 1997c). While the article, provocatively titled “Is the FBI reading your email?” also addresses issues of privacy from government intrusion, the latter part of the coverage focuses on the dangers to e-commerce, arguing, “Some degree of secure encryption is essential if electronic commerce is ever to fulfill its potential...no one will trust such sensitive data to the Net without guarantees that it will be secure” ((Mitchell, 1997c). Other coverage from 1998 similarly stresses the need to facilitate electronic commerce, arguing that strong, unrestricted encryption is “essential for the growth” of the online market (Markoff, 1998a), and that the administration's policies “have left the nation's electronic commerce industry adrift on a rudderless ship” (Clausing, 1998a). The latter article cited here quotes David Farber of the University of Pennsylvania and the Electronic Frontier Foundation (EFF). Farber couches his arguments against encryption

restriction in terms of commercial activity, threatening that “the whole area of e-commerce is going to become completely unglued unless we solve the crypto policy [issue].” The article goes on to cite Robert Hollerman of the industry group Business Software Alliance, who similarly argues, “E-commerce cannot succeed without strong encryption to protect people on the Internet” (Clausing, 1998a). According to the article, this has emerged as a key issue “because electronic commerce—buying and selling products and services online—is widely considered to be the engine that promises to drive commercial activity in the next decade.” Although citizens’ personal privacy continues to be mentioned as another reason for secure encryption, it is overshadowed in these articles by the need to nurture the growth of e-commerce.

By the fall of 1999, the Clinton Administration finally gave up its primary restrictions on encryption software and hardware. While this was hailed as a “surprise victory” for both the high technology industry and privacy public interest groups, the policy shift is chiefly framed in terms of benefits to the economy. Representative Bob Goodlatte calls the decision “a tremendous victory for everybody who has been proposing that the Administration change its export policy on encryption so that we can make it more widely available and US companies can compete overseas” (Quoted in Clausing, 1999c).

Economic arguments in favor of deregulation are most visible in general coverage and in coverage concerning encryption. However, this valorization of the new technology economy is also observable in the debates surrounding other issues, including antitrust

concerns and broadband network access. While some of this press explicitly describes state regulatory intervention as a threat to the economy, other coverage indirectly invokes the nation's economic wellbeing, usually in allusions to the need for more broadband infrastructure, a key component of the new era of prosperity.

New Visions of Antitrust

Antitrust coverage focuses on the Microsoft case, as well as on more general coverage of mergers occurring during the period of rapid consolidation following the 1996 Telecommunications Act. The Department of Justice's case against Microsoft drew concern in the press that government involvement in the market was based on antiquated notions of antitrust, and could unfairly hurt Microsoft, one of the nation's leading companies, as well as the information technology economy in general. Much of this discourse is represented by the people associated with Microsoft, such as chairman Bill Gates, but there is also evidence of more generalized anxiety regarding the government's involvement in the market (Lohr 1995; Labaton 1997; Brinkley 1998). As Judge Thomas Penfield Jackson compared Microsoft to the Standard Oil monopoly in his February 2000 review of arguments, John Warden, Microsoft attorney, is described as "lambast[ing] the Government for its 'assault on Windows, which promotes and creates commerce'" (Quoted in Lohr, 2000). Judge Jackson is similarly criticized in *Newsweek* coverage appearing late in 1999, which frames the government's actions as harmful to the information economy, resisting the natural forces of the market.

In the Silicon Valley world picture, the marketplace rules, and the divine order insists that if an evil monopolist is to be toppled from power, the instrument of its removal should (and will) be the marketplace. But now that these fair-weather libertarians have enlisted Joel Klein, Janet Reno, and Judge Thomas Penfield Jackson to unseat Microsoft from its throne, the high tech equivalent of plagues, portents and raging of the sea suddenly threaten the Valley. I'm referring, of course, to the government's intrusive hand (Judging Jackson by his Actions, 1999).

In this example, the inappropriateness of the government's antitrust enforcement takes on biblical proportions, as the article suggests that the Justice Department is obstructing the natural order of the information technology economy, symbolized by "the Valley."

Other coverage of antitrust issues focuses on potential mergers, describing how the benefits to the economy outweigh traditional antitrust concerns about industry consolidation. These benefits generally hinge on the anticipated construction of high-speed network infrastructure, which will help US businesses and strengthen the nation's economy (Schiesel 1997a; Labaton, 1999d; Labaton 2000g). The proposed MCI-Worldcom merger in 1997 is framed in this way, although *New York Times* coverage notes that the network advances will primarily help businesses rather than ordinary consumers (Schiesel, 1997a). In addition, the issue of decreased competition, traditionally harmful to consumers, is ignored as the article focuses on the advantages of permitting the merger.

Open access is another issue frequently characterized by arguments for defending the economy against harmful regulation. After AT&T merged with the Mediaone cable company, a Portland Oregon judge extended this access requirement to cable broadband

infrastructure to prevent AT&T from monopolizing broadband Internet service provision on its network. As the Baby Bells, AT&T, and cable companies planned new broadband networks, they argued that continued enforcement of open access provisions would discourage them from investment in high-speed infrastructure (Schiesel 1998h; Schiesel 1998k; Schiesel 1999a; Richtel 1999; Labaton 1999a; In Capitol, AT&T and Bells Fight to Control Web Access 2001). A September 2001 *New York Times* article summarizes the Bells' arguments: "The foundation of the Bells' case is that broadband Internet access is not being introduced quickly enough and that what they describe as the slow pace of broadband deployment is hurting the economy" (Schiesel, 2001b). The story cites Verizon executive Thomas Tauke, who suggests that lack of broadband deployment, due to the decreased incentive of open access rules, is at fault for the slowing economy:

Trouble is, the rate of adoption of these technologies has slowed dramatically, along with the growth of the economy itself. So what's flattened the slope of the curve in 2001? The answer is lack of widespread deployment of broadband technology. At the very moment the US economy is mired in a high-tech slump, broadband is still in the 'beta' phase (Schiesel, 2001b).

Although allowing companies to close network access could potentially result in discriminatory treatment of competing Internet service providers and create duopolies between DSL and cable broadband service provision in local areas, the cable and telephone companies argue that open access requirements are actually harming the national economy, discouraging the spread of needed high-speed networks. Sometimes, these demands from private companies were difficult for public officials to resist.

The association of the Internet and related information technology industries with the booming economy made them attractive to political candidates wishing to appear technology-friendly and supportive of the emerging new economy. The increasing political power of Silicon Valley is noted in a variety of news stories in all publications surveyed, with the exception of *US News and World Report* (Verhovek 1999; Breslau 1999a; Clausing 1999d; Breslau 1999b; Sanger 2000; Wayne 2000). Internet industry lobbyists argued successfully for expanded foreign worker visas, a tax moratorium on the Internet, extensive tax credits for research, and digital intellectual property protection (Verhovek 1999; Clausing 1999a). Presidential candidates are described as anxious to win the support of the high technology sector and unwilling to comment critically on key issues like industrial consolidation. Noting this trend, an article in the *New York Times* states, “America may be plunging into a new global economy at warp speed, but the presidential candidates would rather talk about ethanol subsidies than the future of the Internet” (Sanger, 2000). Referring to the “don’t mess with a good economy” election platform, the story argues that candidates are reluctant to state their positions on issues of national importance, such as media consolidation and the Internet, specifically referring to the recent America Online/Time Warner merger. The article asks, “Is it good for the country... for a single media conglomerate that already bestrides the print and cable world to also control America’s most popular entrance ramp to the Internet? ...Right now, the candidates wooing Silicon Valley for cash are steering clear of such discussions” (Sanger 2000). The association of the Internet industry with the prosperous

economy strengthens lobbyists' arguments for deregulation in this frame, while making politicians unwilling to speak out critically against the industry's actions.

Economic growth is frequently used as justification for deregulation in a variety of areas, including encryption, antitrust, and open access policies. Whereas coverage before 1997 tends to allow for some government intervention, recognizing that the market will not adequately fulfill the public interest, later discourse favors the government stepping back and allowing the market's natural processes to replace traditional forms of regulation. This discourse is especially evident in the coverage surrounding Magaziner's general statements against Internet regulation, which he frames as harmful to exploding information economy. Press coverage of the encryption debate also contains a strong economy discourse, suggesting that over-regulation of encryption technologies directly threatens the potential growth of electronic commerce. Citizen's privacy rights also are mentioned in some coverage, but arguments for enhancing online commerce appear much more frequently and appear to be of higher priority. Encryption restrictions are often represented in press discourse as impossible to enforce, and the next section will examine this frame of the Internet as naturally unregulable.

The Internet's Natural Resistance to Regulation

Policy arguments that associate deregulation with the booming economy and the nation's future prosperity are supplemented by technologically determinist discourse that frames the Internet as inherently unregulable. The Internet is frequently represented as a

technological, economic and social force that transcends attempts at control, due to its decentralized and global nature and as effortlessly crossing national boundaries, leaving traditional governments helpless to control its flow of information.⁶³ The metaphor of the Internet as a wild frontier became popular with early utopian Internet enthusiasts such as John Perry Barlow (1996), Howard Rheingold (1993) and Allucquère Rosanne Stone (1996) and this vision resonates with political and business interests in this coverage. The uncontrollable nature of the Internet is an especially popular theme in early news coverage prior to 1996, before the Internet was fully articulated as a commercial medium. As AOL and other online services connected to the Web and e-commerce sites multiplied, this press discourse weakens. Later coverage in 1999 and 2000 tends to frame the Internet as justification for the deregulation of traditional media, suggesting that the flourishing Internet provides meaningful competition in content provision.

In a 1995 *Wired* story, Newt Gingrich's adviser Jeff Eisenbach scorns Gore's references to an information superhighway created with government facilitation, arguing, "the idea of government in any way controlling cyberspace is completely ludicrous" (Helleman, 1995). A *New York Times* story on governments' efforts to cope with the

⁶³ This emphasis on the Internet's ability to transcend national governments' regulatory efforts is contradicted by a variety of effective national regimes across the globe. The best known of these is China's sophisticated and comprehensive filtering program, which prevents access to materials on Taiwanese independence, the Dalai Lama, and the Tiananmen Square incident, among many other topics. Other nations with filtering programs include Iran, which implements a broad filtering regime similar to China's, and Singapore and Saudi Arabia, which limit access to sites that are deemed to be pornographic. Additionally, the Children's Internet Protection Act in the US requires that schools and libraries receiving federal funds also implement filtering programs.

dynamic new economy describes the inevitable need to minimize states' involvement. Politicians are described as "little more than bit players" in a "global game" of "world markets, the Internet and the furious pace of trade" (Cohen, 1996). While President Clinton and the US are congratulated for an appropriately deregulatory approach, France's efforts at continued regulation are criticized. Described as a place "where there has always been a conviction that political planning should prevail over the whims of the market—the powerlessness of politicians has contributed to a profound malaise" (Cohen, 1996). The Internet and the new economies it engenders are represented as beyond the reach of traditional state oversight, and persistent attempts at state regulation are portrayed as leading to national economic disaster, including "soaring" unemployment. By 1999, a *Newsweek* article claims, "it seems inevitable that competition will win out over regulation," making the popular assumption that free market processes lead to increased competition, and that this competition is justification for non-regulation (Behind the Phone Frenzy, 1999). As President Clinton prepares to leave the White House in 2000, he is cited in a *Wired* interview, discussing the administration's legacy: "We tried very, very hard not to get in the way of this exponential growth...I don't think you can regulate anything like the Internet very well" (Breslau & Heron, 2000).

Arguments for the Internet's fundamental resistance to regulatory action are especially visible in coverage of encryption and content restriction. The cypherpunks described in early *Wired* coverage claim that "crypto-anarchy" is inevitable, because the technologies of encryption cannot be contained by regulations (Levy, 1993). This rhetoric

is repeated in later stories on encryption regulation, as encryption advocates argue that restrictions will be “impossible to enforce in the future” on global networks (Markoff, 1993a) and are an “absurd anachronism ” (Staglin et al, 1995), according to *New York Times* and *US News and World Report* articles. The borderless quality of the Internet is repeatedly invoked, as the Organization for Economic Development refuses to embrace US proposals of electronic “eavesdropping” (Markoff, 1997), and Silicon Valley industry representatives argue that the “law enforcement demand for the continued ability to wiretap is wishful thinking at best” (Markoff, 1998a). A *New York Times* article from February 1998 explains, “The easy availability of powerful encryption software has made it possible for any two people, anywhere in the world to hold a secret conversation beyond the prying of even the most powerful code-breaking computer” despite anti-encryption export laws (Markoff, 1998a). As the US government further eases licensing requirements on encryption software in 2001, another *New York Times* article notes that “the technology has overwhelmed the government’s ability to control many of these products, including some that can be downloaded free from Internet sites...” (Labaton, 2001b). The unimpeded global flow of information on the Internet is framed as overcoming individual governments’ efforts to regulate and restrict.

Similar arguments of impossibility are employed by critics protesting the regulation of content in the proposals culminating in the Communications Decency Act. In a *New York Times* story largely devoted to those protesting the proposed legislation, “Internet users, legal experts, and civil libertarians” argue that content restrictions “are

futile on both technological and legal grounds” (Lewis, 1995a). Ron Newman, formerly of the MIT Medialab, is cited in this article, warning that the proposal to regulate Internet content will make US legislators look like technologically ignorant fools:

Anybody who knows anything technical about the Internet would understand this is ridiculous. I suspect it [the Exon proposal] will be laughed at collectively by the Internet users of this country and ignored, and as for the rest of the world’s Internet community, it will make the United States a laughingstock (Lewis, 1995a).

A *Newsweek* article refers to the global nature of the Internet, calling the proposed restrictions “virtually unenforceable,” and a *New York Times* story from the summer of 1995 also questions the competency of legislators, who do not seem to comprehend that they are attempting to regulate something unregulable (Levy 1995b; Rich 1995). As the debate continues during the second half of 1995, the Internet is framed in more *New York Times* articles as naturally resistant to regulation, due to its decentralized and global nature (Lewis 1995b; Senator Grassley’s Surf Police 1995; Markoff 1995). Although all four publications surveyed contain this discourse of regulatory impossibility, it is most strongly present in the *New York Times* coverage and editorials, followed by *Newsweek*, which features commentary by Internet journalist Steven Levy. *Wired* reports on this topic less thoroughly than anticipated, despite the magazine’s techno-libertarian reputation. This is in contrast to its coverage of resistance to encryption law, which is represented as technologically arcane and culturally obscure—features that may be an attempt to appeal to the technologically savvy and culturally avant-garde audience projected by *Wired*.

Whereas coverage of encryption and content restriction focuses on the impossibility of controlling online communication, often underscoring the new and unique qualities of the emerging medium, discourse promoting mergers often refers to the rising adoption of the Internet as justification for allowing greater consolidation and easing historic rules for media concentration. Here, the democratic aspects of the Internet are stressed, as company executives argue that the potential diversity of online information makes traditional antitrust concerns superfluous. A *New York Times* article on the proposed Viacom-CBS and AT&T-Mediaone mergers describes this perspective:

Hoping to avoid selling assets that could be combined profitably, top executives of the companies told the Federal Communications Commission last week that the concentration rules are now archaic—obsolete in an Internet world that unshackles producers of programming from old economy restraints and assures diverse voices and original content (Labaton, 1999c).

Mel Karmazin, chairman of CBS, is cited supporting this view, stating, “There is no question that that rule is no longer relevant in a broadband Internet world” (Labaton, 1999c). A *US News and World Report* story on the CBS-Viacom merger presents a similar argument, and this perspective is echoed by FCC chairman William Kennard in a *New York Times* article from 2000, also reporting on the merger (Holstein 1999; Labaton 2000e). Kennard comments on the potential relaxation of merger restrictions, observing, “The media marketplace has become increasingly dynamic and competitive, with an expanding number of information outlets and media platforms, and more Americans than ever before are using these options” (Labaton 2000e). The Internet is similarly framed in

coverage of the proposed Worldcom-Sprint merger in 2000, as a *New York Times* article describes the company executives' insisting that "the telephone market is changing so profoundly, because of the development of the Internet and its ability to be used as a telephone service, that it would be impossible for one phone company to truly dominate"⁶⁴ (Labaton, 2000e). In terms of both content and conduit, the Internet is framed as a potentially effective competitor to established communication media, justifying traditional media companies' increasing consolidation. In the coverage described above, Internet technologies are seen as both fundamentally resistant to government oversight, naturalizing the Internet's lack of government regulation, and as reason for greater deregulation of media and telecommunications companies.⁶⁵ These articles constitute a strong discourse of regulatory impracticality, supporting the economic arguments against Internet regulation described above.

While these articles represent a significant anti-regulatory discourse, this research also discovered a broad swathe of coverage explicitly advocating regulatory oversight largely relying on economic justifications. In addition, there is a considerable amount of coverage reflecting more generalized anxiety over the free market. These discourses of

⁶⁴ This argument makes the assumption that one company would not attempt to control all access routes to the system.

⁶⁵ A single *Wired* article from 1997 stands out among this coverage, which generally associates the Internet with non-regulation. Subtitled, "Yes, kiddies, they can regulate cyberspace—and other heresies," the article describes communication scholar Eli Noam's arguments that the Internet is indeed vulnerable to regulation, despite popular rhetoric. Noam refers to the discourse of unregulability as "the wishful thinking of technologists," and emphasizes that the physical manifestations of cyberspace, such as network hardware and network owners, are not beyond the government's reach (Mitchell, 1997a).

self-regulatory anxiety will be discussed below, first looking at how arguments valorizing the new economy are employed in pleas for greater regulation.

Sustaining the Internet Economy Through Active Regulation: Privacy

The vast majority of stories that frame government regulation as necessary for economic success focus on privacy issues. While Magaziner and the Clinton Administration supported self-regulation, the Federal Trade Commission (FTC) and public interest groups became increasingly impatient with the Internet industry's lack of consistent, consumer-friendly privacy policies. The industry's recalcitrance in adopting these policies was frequently framed as an obstacle to online commercial growth. This section will primarily address the coverage generated by the privacy debate, and then look at other regulatory discourse concerning ISPs and open access policy. Notably, nearly all coverage representing economic justifications for increased regulation is from the *New York Times*.

Privacy is determined to be the primary frame here due to its frequency of appearance in press discourse, the amount of space devoted to economic arguments in each article, and the frame's reliance on prominent spokespersons who employ economic arguments to justify regulation of online privacy. Most news articles on privacy concerns focus on the Federal Trade Commission's criticism of online business practices. Between

1998 and 2000, the FTC repeatedly called for Internet privacy legislation.⁶⁶ Joined by consumer advocacy groups, the FTC argued that the shoddy privacy practices on commercial web sites would inhibit the growth of e-commerce. Consumers are often represented as unwilling to engage in e-commerce due to privacy worries, and this reluctance is framed as potentially very harmful to the Internet economy.

A June 1998 article in the *New York Times* describes the reactions to an FTC survey that found that although 85% of web sites collected personal data, only 14% informed consumers about how the data would be used. Representative Rep. Edward J. Markey of Massachusetts framed this trend as a threat to commerce, stating, “Those numbers are frightening. If privacy protections are not built into Internet commerce, then a vast majority of Americans will never trust the Internet” (Quoted in Harmon, 1998b). The article describes the Direct Marketing Association’s argument for self-regulation, but concludes by citing recent polls that showed “anxiety about the use of medical and financial information online is one of the top reasons people do not use the Internet” (Harmon, 1998b). The Clinton Administration’s policies of promoting industry self-regulation are criticized in another June 1998 *Times* story, as critics claim that the Administration has been “inconsistent and passive” in its dealings with industry (Clausing, 1998a).

⁶⁶ The FTC held hearings on privacy, focusing especially on the protection of children. The Children’s Privacy Protection Act was passed in 1998, requiring parental consent for the collection of information from users under the age of 13.

As the European Union begins to promote its own Internet privacy policy, coverage frames the US insistence on self-regulation as potentially harmful to global trade. One *New York Times* story in July 1998 cites the International Working Group on Data Protection in Communications, which argues that a “regulatory framework” is needed to preserve online privacy, while another *Times* story from October observes that e-commerce may be interrupted, if the European Union and US fail to “resolve deep philosophical and legal differences over protecting privacy” (Markoff 1998b; Andrews 1998). As the second Internet policy report by Magaziner is released in November 1998, Marc Rotenberg of the Electronic Privacy Information Center is cited in more *New York Times* coverage, calling efforts at self-regulation “a lot of smoke and mirrors” and questioning the Administration’s motivations, stating, “At the end of the day, it can fairly be asked whether the Administration’s policy was based on self-regulation or on promoting business interests” (Clausing, 1998b). The article describes Rotenberg’s concerns that the US insistence on self-regulation will lead to a trade conflict with European nations:

Mr. Rotenberg insists that laws are needed to protect consumer interests and personal data in the young and often free-for-all atmosphere of cyberspace. Without such laws, he warns, the United States will open itself to a trade war with Europe, where self-regulation has been declared incompatible with laws guaranteeing strong privacy protections for consumers (Clausing, 1998b).

Further coverage of the international policy conflict frames US policy as faltering, as a *US News and World Report* article observes, “the self-regulation concept has already suffered a series of embarrassments at home” (Lardner, 1999). The same article quotes

Stephen Lau, privacy commissioner of Hong Kong, who compares the US policy of self-regulation to “putting Dracula in charge of the blood bank.”

Privacy discourse returns to a domestic focus in later coverage, as the FTC produces another critical study on the online industry’s efforts at self-regulation, and unsuccessfully asks Congress for the regulatory authority to impose online privacy safeguards. Industry advocates continue to defend self-regulation in late 1999, organizing the Online Privacy Alliance, but one *New York Times* article suggests that despite these efforts, legislation may be inescapable, and even beneficial to online commerce: “[M]any people argue that some basic legislation to protect individual privacy on the Internet is inevitable—and that it could benefit both consumers and stimulate the growth of e-commerce by fostering greater public trust in doing business online” (Lohr, 1999). By 2000, the FTC requested that Congress grant the Commission authority to enforce online privacy policy, citing the industry’s ongoing lack of effective self-regulation. Senator Ernest Hollings, who sponsored privacy legislation in 2000, similarly frames regulation as the key to commercial growth in a May *Times* article, arguing “For many, privacy concerns represent the only remaining obstacle impeding consumers’ full embrace of the Internet’s ample commercial opportunities” (Quoted in Labaton, 5/20/00). As the White House refused to support the FTC’s plea for legislative action, Commission chairman Robert Pitofsky warned in another *Times* story that “continued reliance on self-regulation would significantly retard the development of commerce in cyberspace” (Labaton, 2000b). The Clinton Administration was not swayed by Pitofsky’s arguments, and in

September 2001 the *New York Times* observes that “momentum has dissipated in Washington for new laws and regulations that might restrict the use of cookies and other high-technology tools by businesses to monitor Internet users’ activities” (Schwartz, 2001). Even in this later article, however, regulation is linked to commercial prosperity. The article suggests that the “price of inaction” in privacy regulation is inconsistent state legislation, and a “patchwork of legal remedies” making compliance difficult for online companies. Mozelle Thompson of the FTC is cited in the conclusion of the story, warning industry executives that “without the legal protection that comes with regulatory structure...horror stories will accumulate and damage will be done and your stock valuation will sink into the sunset...The worst thing we could do to you is to do nothing” (Schwartz, 2001). This last article frames the benefits of regulation differently—instead of citing consumer fears and reluctance to participate in e-commerce, it focuses on the predictability and protection a consistent regulatory structure can offer business. The unregulated environment is portrayed as potentially risking the economic wellbeing of the online companies.

A variety of news articles justify market led regulation as the best course for the nascent Internet economy, arguing that government involvement on the Internet may harm the high-tech boom. But a significant number of articles on privacy regulation reverse this argument, mainly between 1998 and 2000, suggesting that standardized regulation is actually necessary for electronic commerce to flourish. In these articles, privacy regulation is described as contributing to a stable, predictable market

environment. As in Robert Horwitz's conceptualization of regulation, government oversight is seen here as a necessary mechanism for assuring the growth of the marketplace. This coverage of privacy regulation generally ignores issues of privacy as a civil right or even as an essential form of consumer protection. Instead, privacy policy is framed as a way to reassure reluctant consumers and encourage them to fully embrace online commerce. The emphasis on privacy regulation reflects anxiety surrounding the development of electronic commerce, which was broadly hyped during this period as a revolutionary sales model sometimes predicted to threaten traditional "brick and mortar" shopping (Johnson & Liftin 1999; Theil 1999; Gilpin 1999; Levy, Arora, & Pan 1999; Canedy 1999; Carvajal 1999).

Privacy coverage is the only area where the pro-regulatory economic argument is regularly used. However, this analysis also noted a strong discourse of anxiety surrounding self-regulation throughout the coverage surveyed. Most of these articles do not invoke the economy and some do not even explicitly call for government involvement. All of them, however, portray a variety of concerns related to self-regulation, and the frequency and amount of coverage representing these discourses of anxiety suggest that these concerns are significant. This denaturalizes the concept of a self-regulated commercial Internet, showing that market led regulation was not wholeheartedly endorsed in this public discourse but was instead often viewed with concern.

The coverage surveyed in this research demonstrates a diverse array of anxieties surrounding market led industry development. These include criticism of corporate domination of Internet governance, concerns over industrial consolidation and reduced consumer choice, and suspicion of filtering programs as simply privatized censorship, as well as other issues such as privacy protection and open network access. The volume of critical coverage increases significantly in 1999, and continues to have a strong presence through 2001, the last year surveyed. This section first focuses on articles reflecting fears of corporate dominance of the Internet and dissatisfaction with content filtering programs, which were originally hailed by free speech advocates as a promising alternative to government censorship. After observing some examples of these themes, the chapter goes on to examine longitudinal trends in coverage of mergers and consolidation, which become increasingly negative after 1999. The *New York Times* heavily dominates this critical discourse, with rare appearances of *Wired* stories. *Newsweek* and *US News and World Report* do not contribute at all to these discourses of anxiety surrounding market led regulation.

As Case (1998) notes, public interest group participation in discussions on the NII peaked in the early 1990s, although the groups were later excluded from negotiations behind the 1996 Act. A *New York Times* article from October 1993 demonstrates the public interest groups' visibility in this period, before the Internet become discursively naturalized as an almost exclusively commercial group of technologies. The article, titled "New Coalition to Seek a Public Data Highway," reports on the formation of the

Telecommunications Policy Roundtable, formed to “insure that the national data highway is not strictly a big-business affair” (Markoff, 1993b). Representing over 60 nonprofit, labor, consumer, and civil liberties groups, the new umbrella organization intended “to broaden the public discussion of the technology,” contending that “in recent months too much of the planning has been dictated by the nation’s largest telephone, cable and computer companies. Jeff Chester of the Center for Media Education criticizes the current state of discussion, arguing, “The debate has been framed so far by a handful of communications giants who have been working overtime to convince the American people that the data highway will be little more than a virtual electronic shopping mall” (Markoff, 1993b). After this extensive early article, there is a long gap without more reports of public interest groups’ efforts, as they fade from the scene of public discourse during this period.

The creation of the Internet Committee for Names and Numbers, or ICANN, and the actions of its interim board in 1998 and 1999 stimulated more discussion about the Internet’s governance and direction. As the Internet’s new oversight body, ICANN was publicly lambasted for its close ties to both the US government and corporate entities, as critics argued that the organization did not truly represent the denizens of the Internet, or their interests. The *New York Times* described the organization’s members in 1999 as “mysteriously appointed” with “questionable public accountability” (Clausing, 1999a). The story cites ICANN’s critics, who argue that “the board is working behind the scenes with powerful international corporate and government interests to create a top-down

hierarchy that flies in the face of the free-wheeling, consensus-based spirit that built the Internet...to many, the deck seems stacked in favor of big corporations and trademark holders. This criticism is echoed in another *New York Times* article, which cites Alan Davidson of the Center for Democracy and Technology, who observes that “very few consumer or public interest groups have been involved” in ICANN’s deliberations (Clausing, 1999b).

The influence of industry continues to be a concern in later *New York Times* articles, such as a November 1999 story that notes the “laundry list” of successful legislative bills backed by business groups, including regulation of digital contracts, a tax moratorium, and anti-spam regulation. Despite the rhetoric framing any regulation as harmful to the nascent Internet economy, businesses are described as very active in their pursuit of favorable legislation. The article notes that these bills may not be to the advantage of the consumer, however:

The business groups backing the growing list of bills defend them as necessary rules of the road for electronic commerce. Watchdogs, however, see a disturbing anti-consumer trend in much of the legislation that could have long-term negative effect—not only on Internet users but on the very companies that are now scurrying for new legislation (Clausing, 1999d).

The story goes on to cite Jerry Berman of the Center for Democracy and Technology, who critiques the industry lobbyists’ efforts as short sighted and anti-consumer. Berman states, “My view is that the Internet is going to get hurt, consumers are going to get hurt, and since all things come around, different industry parts of the Internet are going to get hurt (Clausing, 1999d).

Another *Times* article from approximately a year later similarly observes the Internet and telecommunication industries' clout in lawmaking, describing how "consumer groups and lawmakers have expressed alarm at the unusually large number of 'riders' ...Some officials and consumer groups criticized the legislative process that they said leaves the public in the dark over so many important issues, and that is so beholden to campaign contributions" (Labaton, 2000i). Consumers Union representative Gene Kimmelman is sharply critical in this story, calling the flood of legislative riders "a special interest money grab" by organizations like the Bell companies, who he describes as "seeking millions of dollars from Internet providers and customers who use the Internet" (Quoted in Labaton, 2000i). In the same article, FCC chairman William Kennard comments on the secretive nature of the process, comparing the lobbyists to "ninjas, doing their work under cover of darkness." These examples demonstrate a pattern of anxiety over the general influence of private interests in the shaping of the commercial Internets, with strong representation of public interest stakeholder groups and their members' concerns. The commercial trajectory of the Internet is not explicitly questioned, but these critical discourses show a desire for greater attention to public interest issues, such as consumer protection, and reveal concerns that an Internet heavily dominated by commercial interests is potentially harmful to both consumers and the industry's long-term wellbeing. These anxieties are especially visible in press coverage surrounding ISPs and access requirements.

ISPs and Open Access

A *New York Times* story in 1996 focuses on the need to protect ISPs from predatory telecommunications companies. While Pacific Bell and other Baby Bells fight for the right to impose a surcharge on ISPs for access to the local networks, claiming that the increasingly heavy online traffic is overloading the infrastructure, computer companies and ISPs argue “that changing the regulations would jeopardize the low monthly rates that have made the Internet accessible to millions of Americans” (Landler, 1996). The article explains that the current arrangement, which favors the ISPs, is the result of the FCC’s efforts to “nurture a nascent industry and guarantee fledgling Internet providers were not strangled in their cribs by applying a surcharge.” The telephone companies are generally framed in this story as selfishly avaricious, potentially suppressing Internet use with prohibitive surcharges, while the FCC stands as a protector of the emerging industry, facilitating affordable access. Government involvement is framed as necessary for the growth of Internet use and the continuing health of the ISP industry.

Another May 1997 *New York Times* article on Internet backbone administration and ISP consolidation predicts that government supervision is increasingly necessary for the growth of a commercially successful Internet. The story warns of a small group of private Internet backbone administrators “declar[ing] themselves the Internet,” and prohibitively increasing ISP fees. Analyst Gordon Cook is cited, claiming that if these companies have their way, “the costs of access are going to go up sharply” (Lohr, 1997).

David Holub, former president of Whole Earth Networks, argues that these backbone providers must honor common carrier obligations, and that government involvement is needed: “I am a proponent of some regulation in the Internet as soon as possible. I think this minimal level of regulation is critical to the Internet’s open and unrestricted development” (Lohr, 1997). Another ISP executive supporting regulatory intervention is cited, suggesting that the FCC must hold public hearings to establish the rules for the commercial Internet. While representatives of backbone administrators such as UUnet argue that they should not be obligated “to carry traffic in general free of charge,” the companies are generally portrayed as opportunistic in their demand for fees from small ISPs (John Sidgmore in Lohr, 1997). The story notes that government oversight must increase, due to the Internet’s increasing ubiquity in daily life: “[T]he Government’s hands-off stance becomes less tenable as the Internet becomes an everyday necessity, a communications utility, for more and more people” (Lohr, 1997). Speaking anonymously, a senior staff member of the FCC agrees with this claim, observing that the Commission’s previous stance of non-regulation “increasingly doesn’t work in a world of convergence of telecommunications and computer technology” (Lohr, 1997). These stories are notable in that they reverse the assumptions made in the dominant discourse, which associated economic prosperity, innovation, and growth with deregulation and portrayed government involvement as harmful to the emerging Internet economy.

Content Filtering

Coverage of content filtering software provides another example of the anxiety surrounding self-regulation in public discourse. During the furor over the Communications Decency Act, commercially produced filtering programs were hailed as a highly desirable alternative to the proposed content regulation. After the CDA was struck down, however, a strong, critical discourse develops, suggesting that these filtering programs may actually censor more broadly than official regulation. While most stakeholders in these stories do not explicitly wish for the return of legislation, it is clear that many are highly dissatisfied with the private sector's solution to content regulation, and that many are concerned over its widespread adoption in public institutions such as schools and libraries.⁶⁷

Most of these articles appear in late 1997 and early 1998, as filtering software use spread and new standards were developed through PICS, a flexible filtering platform created by the World Wide Web Consortium.⁶⁸ These stories frame filtering software as insidious, based upon private organizations' often heavy-handed and opaque programming choices. A story in *Wired* comments on the software's power, stating, "filters and ratings will facilitate censorship better than laws like the CDA ever could"

⁶⁷ The Children's Internet Protection Act, enacted in December 2000, further institutionalizes filtering programs by requiring that schools and libraries receiving funding from the e-rate program must certify Internet safety policies are in place restricting minors' access to "harmful" material.

⁶⁸ The World Wide Web Consortium is an international organization dating from 1994. Its focus is the development of open Web standards and guidelines, in order to promote consensus on the development of Web technologies.

(Shapiro, 1997). The *New York Times* discusses critics' concerns over content regulation's transfer to the private sector. The story observes, "Civil libertarians say that the Internet...is at risk of being stifled by the voluntary adoption of clumsy technologies that block far more than just pornographic material. And since the industry's interest lies not so much in protecting free speech as in promoting free enterprise, some find the privatization of the issue troubling" (Harmon, 1997b).

Internet legal scholar Lawrence Lessig appears in some *New York Times* coverage, including an article titled, "The Self Appointed Cops of the Information Age." This title refers to the World Wide Web Consortium, and the story cites Lessig's concerns over the "tyranny of code," describing how filtering choices are translated into the opaque and insidious laws of programming code, potentially taking choice away from individual users (Harmon, 1997b). The *Times*' coverage of PICS includes Lessig's blunt statement that "PICS is the devil" and describes his controversial contention that "free speech principles might be better served by limited government regulation of pornographic material on the Internet than the voluntary adoption by Internet firms of a software standard that could block such images" (Harmon, 1997c). This distrust of the Consortium is echoed in another article, which explains that "a growing number of civil libertarians argue that these technologists are in some ways acting as an unelected world government, wielding power that will shape social relations and political rights for years to come" (Harmon, 1998a). The article cites a representative of the American Civil Liberties Union, Barry Steinhardt, who accuses the Consortium of "taking on a quasi-

governmental role” and argues, “the [PICS] platform raises fundamental questions about free speech, and that debate should occur in public” (Harmon, 1998a). Similar to the discourse surrounding ICANN, this coverage frames the World Wide Web Consortium as an unelected but potentially very powerful body making hugely influential decisions in its programming of the PICS platform. Overt government content regulation is described in some stories as potentially preferable to privately designed filtering systems, which allow private organizations to make choices potentially best left in the public arena. The privatization of content regulation is framed in these articles as inappropriately ceding far too much power to the private sector, which may represent Internet users less effectively than the government.

This news coverage of Internet governance and content regulation reveals deep anxieties about the power of private companies in the era of the commercial Internet. Although the economic discourse examined earlier in this chapter frames market led regulation as necessary for the growth of the Internet and surrounding industries, the dominance of the private sector is also viewed as a threat to public interest issues, such as free speech and consumer protection, and to democratic representation. The visibility of this threat rises considerably in later coverage of mergers and industrial consolidation, which tend to be framed more negatively after 1999. As the converging communication industries become more concentrated, discourses of anxiety increase, reversing trends in earlier coverage that framed consolidation as inevitable, natural, and beneficial. As noted above, the consolidation of the market structure in the Internet industry was dramatic in

comparison to the consolidation occurring in the already-concentrated field of telecommunications. Additionally, the stock crash in the spring of 2000 and failure of many dot-com companies may have also made it more acceptable to question the wisdom of market led industry development, especially as evidence of widespread corporate mismanagement mounted in 2000 and 2001. Finally, the rising fears of concentrated corporate power may be traced to the traditional mythos of the Internet as a liberatory medium allowing individual users to freely communicate, form democratic communities and access information, activities potentially threatened by the spread of content filtering programs and resistance to open access.

Patterns in Merger and Consolidation Coverage

This section looks at another significant discourse of anxiety surrounding the free market, drawing upon critical coverage of mergers and consolidation within Internet-related industries. The previous chapter on the 1996 Telecommunications Act describes increasing acceptance of industry consolidation in coverage from the years 1997 and 1998. Although the spate of mergers that followed the massive deregulation of the Act was initially perceived in public discourse with surprise and dismay, and as unexpected and unwanted side effects of the legislation, this attitude shifts in later news stories. This press from 1997 and 1998--the last years surveyed for the earlier chapter on Telecommunications Act coverage--demonstrated growing support for the mounting number of mergers. The consolidation is justified as more efficient than broad

competition, and more beneficial to consumers, who can enjoy bundled services and take advantage of lower prices resulting from economies of scale. These news stories often frame the consolidation in Darwinian terms, further justifying the ascendance of a few giant companies that have proven to be the fittest in the industry.

This support for industrial consolidation fades in the coverage surveyed in the present chapter, so that after 1999, much of the merger coverage is portrayed as potentially harmful for consumers. Public interest groups such as Consumers Union are more visible in this later coverage, making arguments against proposed mergers. This section will trace the trajectory of this discourse, showing how criticism of industrial consolidation increases with later news stories, in a departure from the optimism reflected in the later coverage of the 1996 Telecommunications Act. Although some concerns with proposed mergers are lodged in the years directly following the Telecommunications Act (Meier 1996; Schiesel 1998e), this discourse of merger anxiety accelerates dramatically in 1999 and continues to be highly visible through 2001.⁶⁹ During this three-year period, mergers and general trends of consolidation are often framed as harmful to the preservation of consumer choice and media diversity. Critical media scholars and representatives from public interest groups Consumers Union and the Media Access Project articulate these anxieties in a variety of articles, again overwhelmingly dominated by the *New York Times*.

⁶⁹ Table 9 in the Appendix lists some of the prominent mergers of this period.

Mergers occurring during this period include the \$50.2 billion deal between the media conglomerate Viacom and television network CBS in 1999, and AT&T's 1999 purchase of Mediaone, a cable provider, in a deal valued at \$55.8 billion. AT&T had already bought TCI, another major cable provider, in 1998. In 2000, ISP giant AOL merged with the Time Warner media conglomerate in a \$106 billion deal.⁷⁰ AT&T, which had become the largest cable provider in the country with its recent acquisitions, was overextended by these purchases and by late 2001 had agreed to merge its AT&T Broadband unit with cable giant Comcast in a deal valued at \$72 billion. Combined, the companies were estimated to have about 21 million subscribers (Borland, 2001).

During this consolidation the ISP industry also was experiencing upheaval as Northpoint, a competitive local exchange carrier focused on broadband service declared bankruptcy in the spring of 2001 and shut down, selling its physical assets to AT&T and leaving an estimated 100,000 customers without service (Romero, 2001). The massive consolidation represented by these deals caused considerable concern in press coverage, where stories suggest that the concentration of ownership may result in rising prices and a less competitive market.

The proposed merger between AT&T and Mediaone garners much of the earlier press in this period, raising concerns about higher prices, reduced competition, and increased concentration in content provision. In a letter to the Justice Department, several consumer groups protest the AT&T-Mediaone merger, arguing that it “will result in

⁷⁰ Data collected from *Hollywood Reporter* Media Ownership White Paper and *Mergerstat*.

inflated cable and broadband Internet service prices for consumers,” hurting possibilities for competition in these markets (Quoted in Labaton, 1999b). The same *New York Times* article suggests, however, that the merger may be “too large to block,” potentially benefiting competition in local telephone service despite increasing concentration in cable and broadband.

The Internet’s status as an emerging competitor to established media outlets is roundly attacked by media scholars and public interest advocates in this coverage. As AT&T, Viacom, and other companies press the government to liberalize rules on media concentration, a *New York Times* article notes that “despite the easy, low-cost access [the Internet] provides to a cybermarketplace of ideas, is the Internet quickly being dominated by a handful of big corporations, just like television, radio, the movies, and newspapers before it?” (Labaton, 1999c) In the same story, Andrew Schwartzman of the Media Access Project refers to “a huge diminution of the number of voices providing information that is necessary for an informed citizenship,” despite the alternative sources allegedly provided by the Internet, and Robert McChesney of the University of Illinois argues, “the notion that technology will create competition and new voices, so we don’t have to worry about these companies getting bigger, is false” (Labaton, 1999c). Mark Crispin Miller of New York University elaborates on this trend, stating, “The same big players are every bit as keen on swallowing the Internet as they have the traditional media. The consensus is that the Internet is getting less diverse and more homogenized as it becomes more commercial” (Labaton, 1999c). Miller and other critics observe that

instead of providing an alternative outlet for content provision, the Internet is slowly being absorbed by established media interests, such as AT&T. In later coverage, Schwartzman adds that the Internet is also not yet a primary information source for most Americans, and can hardly be viewed as genuine competition for established content providers (Labaton, 2000e).

As AT&T negotiates open access issues with the FCC in regard to its proposed merger with Mediaone, another story observes the potential conflict between private and public interests, stating, “mounting consolidation in the communications industry is prompting some regulators to wonder whether the business interests of big companies...can be balanced with the public’s interest in having a competitive marketplace” (Schiesel, 1999b). The FCC, however, chose to alter traditional rules of media concentration to facilitate the AT&T-Mediaone and CBS-Viacom mergers—a choice Schwartzman refers to as “intellectually dishonest,” suggesting that the Commission “has created an even greater set of legal fictions and loopholes” to accommodate the merger (Labaton, 1999d). Consumer groups view the liberalized ownership rules as a “sop” given to AT&T by the FCC, as the Commission ignores its mandate to protect the public interest from unreasonable consolidation (Labaton, 1999d). Upon the Justice Department’s approval of the merger scheme, a later *New York Times* article remarks on AT&T’s acquisition strategy, observing that it “has alarmed consumer groups...who are concerned that the company is turning into an Internet version of the powerhouse monopoly that it was before the government broke it up 16 years ago”

(Labaton, 2000d). Nevertheless, the story reports that the merger has received the approval of the Justice Department, “giving the telephone giant control over more than a third of the nation’s cable network for television, high speed Internet access and online telephone services”—a situation consumer groups found “fell short of assuring competition.” The FCC’s official approval in June 2000 generates more criticism, including this statement by Kimmelman:

Rather than use its merger authority to protect the public against an expanding monopoly, the commission has allowed AT&T to extend the reach of its cable and broadband Internet service monopolies and extended the time during which it can abuse consumers and harm potential competitors. This decision is so inconsistent with the commission’s own factual depiction of AT&T’s market dominance that it defies logic (Labaton 2000g).

Kimmelman identifies a key paradox in this relaxation of antitrust policy, as the government allows consolidation in the hopes of stimulating competition.

Other coverage of the FCC’s approval of the AT&T-Mediaone merger notes the general trend towards consolidation and deregulation, describing “the march to oligopoly” as apparently “irreversible” (Labaton, 2000h). While the article, titled “800 Gorillas: Oligopoly,” notes that consolidation yields certain benefits such as better distribution and standardized quality, it also admits that the ultimate effects of this shift cannot be fully known. Miller, who is cited in this story, articulates problems with consolidation that go beyond routine antitrust concerns. He states, “The danger of media concentration lies not in the risk of prices getting higher, which is what antitrust measures. The real danger is much subtler...You’re talking about an exponential increase

in conflicts of interest. You're talking about fewer interests having greater market power" (Labaton, 2000h).

While coverage portrays the consolidation trend as largely unchallenged in the US, there are several reports of the European Union exercising aggressive antitrust oversight. A *Wired* article in 2000 refers to the EU's influence in delaying the MCI Worldcom-Sprint and AOL-Time Warner mergers, underscoring the increasingly global nature of regulatory policy. Although the story alludes critically to the EU's efforts to create a "borderless bureaucracy," it also notes that the EU's influence may ultimately protect consumers. The article observes that with "Washington lurching to the right, Brussels may be all that stands between us and a global information oligarchy in which individuals are the sum of their data profiles, and their data profiles are a commodity to be traded among a few dozen interlocking conglomerates" (Rose, 2001). The EU's competition ministry appears repeatedly in later *New York Times* coverage, voicing criticism about the concentration of market power resulting from the proposed Worldcom-Sprint and AOL-Time Warner mergers (Andrews 2000a; Tagliabue 2000; Andrews 2000b). In one example from June 2000, EU official Mario Monte is described as concerned that the Worldcom-Sprint merger would create "a stranglehold on Internet traffic in Europe" (Schiesel & Sorkin, 2000). This coverage of EU regulatory scrutiny provides another, global perspective on the anxiety inspired by accelerating consolidation in Internet-related industries.

The proposed America Online-Time Warner combination also caused consternation in the US, according to press coverage. Various public interest groups filed objections to the merger, which many feared would allow the newly formed company “to dominate the evolution of the Internet” (Hansell, 2000). *New York Times* coverage describes the Federal Trade Commission’s attempts to address these fears, formulating rules to restrict the merger’s potential for reducing consumer choice and competition (Hansell 2000; Labaton 2000j; Labaton 2001a). In one article, Jeff Chester of the Center for Media Education warns, “The proposed consent decree...fails to constrain AOL Time Warner from leveraging its unique arsenal of content and would allow it to dominate the emerging broadband market and prematurely stifle competition” (Labaton, 2000j). While public interest groups praised federal regulators’ efforts to impose restrictions on the merger, this surrounding press is primarily focused on potentially “enormous dangers to consumers” posed by the consolidation (Kimmelman, quoted in Labaton, 2001a).

The press coverage of mergers after 1999 is more likely to frame consolidation in terms of potential harm to consumers, and this contrasts with earlier merger coverage from 1997 and 1998, which tended to ignore issues of consumer choice and focus mainly on benefits, such as the anticipated development of broadband infrastructure, or competition in local telephone markets. This critical stance of more recent stories is exemplified by a *New York Times* article from April 2001, titled, “Sitting Pretty: How Baby Bells May Conquer the World.” Rather than naturalizing the Bells’ dominance as evidence of their inherent superiority and competitiveness, as in earlier deregulatory

discourse, this article specifically refutes earlier assumptions, stating, “[L]awmakers’ rhetoric aside, unfettered deregulation will not lead to more competition. If competition and lower prices are the goal, pro-competition oversight is required to ensure that the companies with essential assets do not use them to stifle others” (Schiesel, 2001a).

William Kennard, former chairman of the FCC, similarly refutes this simplistic equating of deregulation with competition, and states, “This thought that if the government gets out of the way, competition will somehow spontaneously bloom, I just don’t get it” (Schiesel, 2001a). Fundamental assumptions in earlier anti-regulatory coverage are addressed here, including the relation of deregulation to competition, and the connection between deregulation and the interests of consumers. Whereas previous coverage discussed consolidation in terms of the Darwinian survival of the fittest and the increased efficiencies realized from economies of scale, these later news stories are much more focused on potential dangers to consumers and efforts to contain these threats posed by consolidation. Public interest groups also have much more visibility in this later coverage.

Despite this heightened tone of criticism, there is still a sense of inevitability in this merger discourse. Certain articles observe potential problems with increased consolidation, but frame the proposed mergers as eventually inevitable (Labaton, 1999b; Hansell 2000; Labaton 2000h). This perception of the market’s sometimes harmful but inescapable processes is highly visible in the discourse appearing after the initial stock crash in 2000. While many of these articles conclude on a cautiously optimistic note, they

also tend to characterize the new economy as naturally and inescapably tumultuous, suggesting that industry instability is simply the price to be paid for the new opportunities and efficiencies that come from deregulation. This discourse supports a market led regulatory paradigm by addressing some of the dominant concerns surrounding Internet regulation, reframing undesirable conditions as the temporary side effects of inescapable and ultimately beneficial market processes. The future benefits of the market's leadership are hazy, however, and consumer issues are generally unaddressed in these stories. This logic is reminiscent of discourse surrounding both the AT&T divestiture and the 1996 Telecommunications Act, which often attempts to naturalize instability as an unavoidable and necessary consequence of the highly competitive environment created by deregulation. Although the critical discourse that questions the public interest of mergers occurs frequently in coverage after 1999 and has prominent spokespersons, its strength is discursively undercut as pro-deregulatory discourse invokes the natural inevitability of the free market process, repeating prominent frames appearing in the AT&T and 1996 coverage.

The Aftermath of the Crash

This section focuses on articles reacting to the rapid decline of the Internet economy—and many other, related sectors—in 2000 and 2001. Stories appearing earlier in this coverage tended to be optimistic, neutrally attributing the crash to a confluence of conditions and not specifying objects of blame. This earlier coverage is also more likely

to frame the collapse of the Internet bubble as part of the natural processes of the market. By the spring of 2001, however, this optimism begins to fade and scapegoats, such as Federal Reserve Chairman Alan Greenspan and stock analysts, appear. The sense of blame in this coverage is much more pointed, and the outlook more resigned. John Cassidy (2002) observes in his history of the Internet stock bubble, titled *dot.con*, that many US investors remained hopeful for a renewal of the boom until the tragedy of September 11, 2001. He states, “It wasn’t until the terrorist attacks...that Americans would finally acknowledge that the 1990s were truly over, and that a darker, more uncertain future dawned” (p. 299). This prolonged optimism is visible in the stories discussed here, especially those appearing before the summer of 2001, when skepticism about the economy’s resurgence rose. While most of the articles examined here are from the *New York Times*, the two stories from *Newsweek* and *US News and World Report* are notably sanguine in tone. No *Wired* stories appear in this section.⁷¹

Press mentioning the crash does not appear in this coverage sample until November 2000. A *New York Times* article titled, “Chaos at the Core of Prosperity,” notes the recent market instability, including dot-com business bankruptcies, and attributes it to detached forces of globalization, deregulation, and technological change.

⁷¹ The absence of *Wired* coverage of the crash in this period is surprising, and may be a function of the search terms used to sample articles, which focused on Internet regulation or Internet policy. The *Wired* articles retrieved during 2000 and 2001 focus on intellectual property and the Napster court case, controversy surrounding the Internet Corporation for Assigned Names and Numbers, and the European Commission’s efforts to set antitrust, copyright, and privacy policy. For the other three publications, however, searches employing these terms revealed a variety of articles addressing the economic downturn.

The article notes, “One after another, pillars of the vaunted American economy have been shaken... All of this offers perhaps the best evidence yet that corporate America has entered a new stage of instability, one in which seemingly ascendant companies can quickly lose their way” (Leonhardt, 2000). Invoking Joseph Schumpeter, the story comments that Schumpeter’s “creative destruction” is “a cannibalistic vision that seems perfectly tailored for the recent turbulence.” This dark vision is mitigated, however, as the article observes that the tumultuous markets reflect a natural and ultimately beneficial process, resulting in greater opportunities and competition.

An editorial in *US News and World Report* is also cautiously optimistic, noting different factors contributing to the economic decline, such as over-borrowing and the increasingly guarded behavior of banking institutions, but ultimately frames the crash as an issue of perception and attitude. According to this news story, the real danger of the crash lies in potentially reduced consumer spending and sharp drops in consumption. The article concludes by noting that home values and real income are still rising, and “the business community and financial markets remain superbly efficient...But all these positive signs rest on the intangibles of consumer and business confidence” (Zuckerman, 2001). *Newsweek*, in a January 2001 article titled “Only the Beginning,” waxes almost celebratory, telling readers to “forget the dot bombs and look at the rising signs of productivity” (Emerson, 2001). The story argues that the new economy is “finally getting into gear” and scholars are being forced to “reconsider the old laws of economic gravity.” Exemplifying the “new paradigm” theory of the technology economy, the story cites

rising productivity figures, and describes a prosperous future: “What Wall Street bulls hail as ‘The Coming American Renaissance’ might come to pass. And what many nations already see as a scary American dominance would continue to grow.” In conclusion, the story notes that other nations are so busy trying to emulate US policy, they have no time for “America’s popular skepticism” about the new economy (Emerson, 2001).

Coverage of the collapse of Northpoint, a broadband provider, returns to the rhetoric of natural selection and evolution. As one of the larger victims of the broadband industry consolidation, Northpoint went bankrupt in March 2001, leaving 100,000 users without service. AT&T, which bought Northpoint’s assets, refused to continue service to many of these customers, citing high costs. A *New York Times* article notes that this situation may repeat as other providers go under, but much of the story frames the collapse as natural and inevitable. A Northpoint executive explains, “We’re a victim of the market’s refusal to let us live” (Romero, 2001). Justin Beech, an industry analyst, supports this naturalizing discourse, commenting, “This is part of the Internet’s evolution, where the little guys drop like flies and the big guys get stronger” (Romero, 2001). While Beech additionally notes that the consolidation “translates into far fewer choices,” for consumers, this effect is framed as simply part of the developmental process of the Internet, with no possible recourse or alternative trajectory.

In May 2001, more pessimistic frames of the market’s crash appear, beginning with a *New York Times* article profiling Stephen Roach, an economist who predicted the collapse. Roach does not anticipate a quick recovery of the market, and criticizes Federal

Reserve chairman Alan Greenspan's embrace of the "new paradigm" hypothesis as irresponsible. The article describes Roach's position, contrasting it with the other analysts' ongoing optimism:

While the markets seem confident that the economy's slide will be easily reversed, Mr. Roach says that the bottoming has only begun and that the country is facing a long stretch of anemic growth. He has also offered a withering critique of the economic boom of the late 1990s: Far from being a powerful expression of American ingenuity and industriousness, it was a textbook example of the damage that can be done when financial manias rage unchecked (Steinberger, 2001).

Roach denigrates the celebrated economic boom, suggesting it can largely be attributed to investors' irrationality and unrealistic demand for ever-increasing profits. In contrast to the hope reflected in the previous articles, his predictions for the future of the US economy are dim.

Articles following this profile of Roach also assign more specific blame for the crash, characterizing it as more preventable than earlier articles that depersonalized the causes of the crash, attributing it to general forces of globalization, market evolution, or deregulation. A June 2001 *Newsweek* story describes the failing telecommunications sector, including the volatile broadband market, and blames "less than stellar management," misjudged consumer demand, acquisition sprees, and poorly executed network infrastructure. Reed Hundt injects some optimism into this story, referring to the failing companies as "merely casualties on the beachhead," but the article concludes by observing that Hundt's beachhead is "getting more crowded every day" (Stone, 2001). Other *Times* articles blame stock analysts for encouraging irresponsible investing,

exploiting investors, and becoming “credulous enablers of market madness” (Morgenson 2001; McGeehan 2001). In August 2001, revised productivity growth figures were released, showing that the economy had actually been growing more slowly than previously believed.⁷² *New York Times* coverage of this revision alludes to Greenspan’s acceptance of the new era hypothesis, and states:

The nation’s boom has collapsed despite the faith of Mr. Greenspan, the Fed chairman, that the ever-greater efficiencies of the information age would keep on raising profits, incomes, and employment at a healthy pace... Instead, the nation is barely skirting a recession, stock prices have fallen, the budget surplus is shrinking and the new economy is losing its charm (Uchitelle, 2001).

While the article notes that many high-level economists, including Greenspan, still profess optimism, it also observes that the newly revised productivity figures “give ammunition to critics who have long argued that the rapid productivity gains reported in the late 1990s were more of a mirage caused in part by unsustainable business investment” (Uchitelle, 2001). The critiques discussed in this article echo Roach’s argument that the soaring new economy of the 1990s was illusory, fueled by mania in the stock market and unwise company investments.

News coverage during 2000 and the beginning of 2001 tends to frame the crash as a temporary setback in a larger evolutionary process. Whether implicitly or explicitly,

⁷² Previously, the nation’s productivity rate was believed to be growing at a rate of 3.4% per year for the years 1999 and 2000. This figure was viewed as evidence that information technology, including the Internet, was contributing to a new economic paradigm of unparalleled persistent growth. In August 2001, the US government revised this rate, claiming that it was actually 2.6% per year.

these stories support the theory that a new economic era has emerged with the diffusion of information technology, superseding previous assumptions about economic growth. The demise of Internet and telecommunication companies is portrayed as a necessary, albeit painful step in the natural evolution of the market, which employs “creative destruction” to weed out antiquated or inefficient business models. This frame bears similarities to the Darwinist logic that appears in earlier coverage of the AT&T divestiture and the 1996 Telecommunications Act.

By May 2001, however, the tone of the coverage shifts, becoming more pessimistic and critical of the new economy hypothesis. These later articles place blame for the market’s decline on manic investors, manipulative and corrupt stock analysts, and Alan Greenspan’s refusal to apply restraint to the booming economy via interest rates. The stock bubble is framed as the product of foolish miscalculation, wishful thinking on the part of Greenspan and investors, and greed. While other factors are also blamed for the stock bubble, Greenspan is unique as a government scapegoat in that no other officials are similarly criticized. Coverage critical of Greenspan implies that the cultivation of a strong economy may need some government oversight, in the guise of responsible interest rate regulation. These later articles are also distinctive because they frame the crash as potentially preventable and due to human failure, rather than as an inevitable side effect of the market’s natural logic.

In retrospect, the crashing of the stock market in 2000 reflected more than just the effects of irrational exuberance—in the two years following the crash, it became evident

that many Internet and telecommunication companies had been engaging in illegal accounting practices, in some cases bilking investors out of millions of dollars. Under pressure from investors who expected ever-higher revenues, executives in large corporations routinely inflated quarterly profits, contributing to the impression of a rising economy. In actuality, these false reports of profits helped drive the companies' stocks higher, allowing the executives to amass more wealth. Telecommunications giant Worldcom, in one of the most notorious accounting scandals of this period, listed hundreds of millions of dollars as capital expenses, allowing the company to report artificially high profits. The company finally imploded in 2002, losing over \$175 billion in equity value and heavily damaging union and state pension funds in the process, in a disaster that dwarfed that of Enron, another high profile case of accounting fraud (Callahan, 2002, p. 102-3). Callahan, in *The Cheating Culture: Why More Americans are Doing Wrong to Get Ahead*, suggests that these massive cases of fraud occurred because of several factors, including lack of adequate government oversight and dangerously close relationships between regulatory agencies and industry. He notes,

The lure of easy riches was a recipe for bad behavior. In a storyline that has become familiar, many Silicon Valley companies started cooking their books with a variety of scams to misrepresent earnings and pump the value of their stock. Prosecutors in northern California found themselves totally overwhelmed by the crime wave (p. 242).

In addition, Callahan suggests that the social Darwinism of the 1990s boom era is also to blame, emphasizing economic success above all else. In this paradigm, those who succeed have a right to their riches, and those who are losers in this dog-eat-dog

environment are at fault for their losses. Commenting on the generally weak prosecutions of corporate fraud, he suggests, “Americans reflexively cut slack for those who are successful” (p. 124-126). This tendency resonates with the Protestant work ethic, where material success is viewed as evidence of hard work and divine approval. In this paradigm, even though these company leaders were found guilty of fraud, their tremendous monetary success is viewed as evidence of their moral standing. This analysis is similar to the conservative moral framework described by George Lakoff (2002), as economic prosperity is seen as evidence of moral rectitude, so that individuals and companies who succeed are seen as deserving of their wealth, regardless of their means of obtaining it. The free market is the ultimate arbiter of what is just and good, and any state intervention is seen as inappropriately meddling with a natural process that weeds out deserving and undeserving companies, regardless of consumer welfare.

Conclusions

This chapter examines how the rapidly emerging technology economy of the 1990s is valorized in public discourse, potentially contributing to justifications for continued deregulation. To study this, news articles concerning Internet regulation between 1993 and 2001 were sampled and studied to see how they might position the new economy. They provide evidence of the success of market led regulation, and justify further removal of government oversight. While the research located a significant number of news stories demonstrating economic justifications for market regulation, several other

themes also emerged, including an increasing sense of anxiety surrounding deregulation in the later years of coverage. As in the preceding chapters on the AT&T divestiture and 1996 Telecommunications Act, these trends in public discourse demonstrate what frames of communication policy were most available during this period. The discourses identified in this chapter are significant because they reflect the ambivalence surrounding Internet regulation—while the Internet and the related technology economy are often framed as necessarily unregulated, there is also a considerable amount of concern in later coverage about how the market processes may not adequately serve the public interest, particularly in the cases of privacy and mergers.

The previous two chapters, which address the media discourse on the AT&T divestiture and the 1996 Telecommunications Act, look at the shifting government frames in surrounding news coverage. Both cases demonstrate a strong anti-regulatory trend in which the government is portrayed as an obstacle to technological and economic progress. The free market is described in this coverage as justly governing industry through natural processes, in opposition to the artificial meddling of the state. Market operations are elevated morally in this discourse, and framed as reliable mechanisms to reward the innovative and ambitious, and punish the lazy and inefficient. Government regulation, in contrast, is portrayed as unfair interference, sometimes rewarding undeserving companies while unjustly restraining the most successful. This logic continues in the present chapter focusing on Internet regulation as the booming new economy is cited as evidence for continuing the deregulatory trend.

Relying on the market is framed in many stories as the best means of encouraging the growing economy. This argument is strengthened by the Internet being increasingly framed in 1990s press as a commercial technology, as discussed in the beginning of the chapter. As electronic commerce is hailed as the new engine of the US technology economy, suggestions of regulation, such as taxation or encryption restrictions, are met with protests. The Internet and related markets are framed as organically self-governing, with little need of government interference despite the technologies' origins as a government-funded research project. In addition, the fervor surrounding the Internet economy is portrayed as a powerful influence on politicians, including Presidential hopefuls and members of Congress, who wish to associate themselves with the burgeoning new economy. With this influence, the technology industries successfully lobby for a tax moratorium and continued self-regulation of consumer privacy practices, among other policy issues.

This deregulatory discourse constructs the public interest in several ways. Stories appearing before 1996 acknowledge that certain public goods lie beyond the smooth functioning of the market. Even *Wired*, a publication known for its libertarian leanings, contains articles that remark on the necessity of government intervention, recognizing that the public interest in privacy and free speech will not be adequately fulfilled through market led industry development. Coverage appearing after 1996, as Internet use spread and was increasingly associated with commercial pursuits, firmly locates the public interest in the growth of the market. Ira Magaziner articulates this position in press

coverage in 1998, arguing that industry, if left alone, will naturally address consumer issues including privacy rights. Other deregulatory discourse after 1996 mentions specific benefits associated with a strong, unregulated Internet industry, including increased global competitiveness and the construction of more broadband infrastructure. The public interest is conflated with global economic strength in many of these articles, although how citizens will actually benefit from this strength is not addressed. In arguments advocating reduced antitrust oversight, the public interest is identified with technological advancement, and greater availability of broadband infrastructure. Constructions of the government's responsibility and ability to promote constituents' interests narrow considerably, so that the government is framed as a facilitator of the market and industry led development, or is portrayed as anachronistic and irrelevant, unable to effectively exert control over the decentralized Internet and the new, globalized economy. Concerns about the preservation of traditional public goods such as media diversity and affordable access to communications are generally brushed aside in later coverage.

The deregulatory paradigm is not homogenously supported in the surrounding press coverage, however. As in the case of the AT&T divestiture, there is a strong sense of anxiety over certain aspects self-regulation in coverage of Internet policy. This discourse of anxiety increases sharply in 1999, as concern over industry consolidation rises. Public interest groups such as Consumers Union appear frequently in this coverage, challenging the relaxation of antitrust regulation. These news stories, like some of those surrounding the AT&T divestiture, express concern over consumer issues such as price

and choice. This consumer-focused perspective is not nearly as visible in 1996 Telecommunications Act coverage, which tends to frame industry consolidation as a positive ramification of deregulation, especially in later press.

The media discourse of the previous two chapters shows how opposition to deregulation and resulting industry upheaval and consolidation were elided over time. In the case of the AT&T divestiture, a variety of fears surrounded deregulation during and after the split. However, the government's protective role discursively faded during the last year of surveyed coverage and traditional notions of the public interest likewise receded, while the negative effects of the divestiture are increasingly portrayed as inevitable side effects of market logic. Deregulation and its ramifications are presented as natural, necessary, and unavoidable, ultimately offering the consumer a just market environment that appropriately rewards the most effective companies—theoretically, to the benefit of the consumer. Although consumer complaints and anxieties continue throughout the end of the AT&T coverage period, the inconveniences of deregulation are naturalized, and the possibility of directly addressing them through government involvement is ignored. The coverage of the 1996 Telecommunications Act is generally even more supportive of deregulation, scorning government oversight and praising an unfettered market as the best path to efficiency, innovation, and vibrant competition. The 1996 Act did not produce desired results, however, as local telephone competition remained elusive and as the telecommunications and cable industries began to rapidly consolidate, rather than compete against one another. Towards the end of the 1996 Act

coverage, however, this consolidation is re-framed as ultimately beneficial, achieving the desired aims of the Act by creating limited competition between horizontally and vertically integrated industrial giants. Consumer issues such as price and choice are generally overlooked in these stories, which portray the intense consolidation as a natural and fair market process.

In the present chapter, consumer issues re-appear by 1999, and merger coverage becomes increasingly critical. The connections between deregulation, competition, and the public interest are explicitly questioned in this coverage, which provides a strong counter-discourse to the stories justifying deregulation as necessary for the health of the economy or inevitable. Public interest groups call upon the government to intervene and restrict proposed mergers and assure open broadband access, although ultimately these pleas largely go unanswered. The sudden rise in these critical frames is significant, however, and demonstrates that between 1999 and 2001 direct critiques of market regulation occupied a substantial position in public discourse, vocally challenging dominant conceptualizations of deregulation as the best possible course. This critical discourse associates the public interest with affordable access, consumer choice of service providers, and content diversity, arguing that the rapidly consolidating market endangers these public goods.

These trends are not uniform across surveyed publications, however. Broad differences between publications are visible, and the *New York Times* stories represent by far the bulk of critical regulatory discourse. *US News and World Report* and *Newsweek*

largely offer economic justifications for market led industry development, and in the post-crash discourse, these two magazines represent some of the most optimistic articles, suggesting that the new economy of the 1990s will rise again. *Wired* stories tend to primarily focus on specific issues, such as encryption and content regulation, but do portray some critical critiques of market regulation in later coverage.

While it is impossible to make specific causal claims regarding the relationship between material circumstances and discursive trends, analyzing public discourse is useful because it shows what frames of issues are most available at different historical moments. Arguments justifying deregulation for the sake of promoting economic growth are most apparent during the explosive growth of the Internet economy between 1995 and 1999. Frames of the Internet as naturally resistant to regulation are also predominantly in this period. As the stock market slipped into decline and the broadband industry became increasingly volatile, critical coverage began to appear more, sometimes directly attacking the dominant deregulatory discourses. A survey of reactions to the crash in media coverage show that while earlier articles framed the market's decline as a temporary setback and the result of natural market processes, later articles are more harshly accusatory, blaming Alan Greenspan and stock analysts for the bubble, and also referring to the irrational greed of investors. This later coverage frames the crash as the result of too little government oversight, in the case of the Federal Reserve and securities regulators, and by specifically attributing blame, implies that the bubble and resulting crash were not inevitable. The rise in critical discourse, however, appeared to have little

effect on policy decisions, as mergers continued to be approved, and eventually open access requirements were abandoned. This phenomenon is potentially attributable to a variety of factors, including the change in Presidential administrations, and the considerable momentum of discourse celebrating and naturalizing deregulation, which has been building for decades. The weight of these repeated rationalizations of deregulation in public discourse elevated market discipline to the level of common sense, as seen in coverage surrounding the 1996 Act, and may have made associated policy assumptions difficult to resist, even in the face of direct critiques. Additionally, although the later years of surveyed coverage reveal strong concerns about the effects of industry upheaval and over-consolidation, these fears are countered in a discourse that frames the free market as necessarily tumultuous but ultimately natural and inevitable. The benefits of the market led regulatory paradigm are situated vaguely in the future while the controversial effects of deregulation, such as concentration of ownership, are naturalized as inescapable free market processes. In this way, the aftermath of the Internet economy crash may represent the discursive triumph of the market led regulatory paradigm, which has dominated policy decisions in years since.

CHAPTER SEVEN: CONCLUSIONS

In recent decades, deregulation has become a dominant policy trend, facilitating intense industrial consolidation and a move away from traditional common carrier principles. Analyzing the public discourse surrounding watershed moments in US telecommunications policy history reveals some key trends: The regulatory role of the government discursively shrinks, and traditional forms of market regulation are framed as inappropriate, unnatural, or dangerous to the nation's economic health. Instead, market led regulation is often presented in public discourse as a superior policy choice, assuming that the invisible hand of aggregate self interest most effectively serves the public interest. The public interest is defined in consumerist terms while traditional concerns, including access to affordable communications technologies and diversity of opinion in the press, fade.

Nevertheless, the dominance of market frameworks does not entirely eradicate alternative ideas about deregulation. Although discourse promoting a market led regulatory paradigm generally dominates, many news stories include strong oppositional frames that associate deregulation with rising rates, dangerously consolidated market power, and industry upheaval. This critical discourse is most prominent in the AT&T divestiture period and in the end of the new economy era, between the years of 1999 and 2001. Dissonance between prominent public discourse and policy choices is especially clear in 2000 and 2001 when frames critical of market led regulation even dominate in the press, surpassing pro-deregulatory discourse. Although these frames reveal

considerable distrust of market led regulation in public discourse, the deregulatory trend has continued.

This chapter discusses the significance of these trends and their implications for policymaking and for framing analysis. After a brief summary of the project's questions and findings, the following section examines the shifting role of the government in public discourse and the re-defining of the public interest. The chapter then focuses on another principal component of research, the relationship between dominant and oppositional frames in news media, especially the ways that discourse critical of market led regulation is discursively neutralized, subverted, or contained. This chapter discusses discursive strategies that have had the effect of promoting the market led regulatory paradigm, helping it to remain resilient in the face of many opposing frames.

Additionally, this concluding analysis considers the theorization of success and failure among prominent frames in public discourse. Have discourses criticizing market led regulation been largely unsuccessful? Are there other ways in which oppositional discourses might be considered successful? This chapter argues that although deregulation has remained a primary policy direction in the US, the presence of so much oppositional discourse is significant, challenging existing theories of framing in mainstream commercial media. Furthermore, this longitudinal analysis of framing in public discourse shows that oppositional frames which were prominent during the AT&T divestiture era and more muted in the 1996 Telecommunications Act coverage significantly reappear during the last observed years of the new economy era. This

resurgence demonstrates that frames critical of market led regulation continued to be available over time, offering alternative perspectives on the role of the state and the public interest. While this rise in oppositional discourse between 1999 and 2001 may not be immediately linked with new policy directions, the continuing availability of alternative perspectives in public discourse must not be underestimated.

This project has approached discourse as an important component in the larger processes of social construction, the creation of meaning and locally agreed upon “truths” through social interaction. In this paradigm, people’s understanding of reality is shaped by language and different communities’ systems of accepted beliefs are formed through interaction. Analysis of public discourse is one way of observing this process, as varying interpretations of reality compete for dominance. The research presented here illustrates this struggle, demonstrating how particular understandings of the government and the public interest are promoted over time by different stakeholders. The discursive strategies described in this analysis of public discourse can be compared to Wittgensteinian language games, allowing certain interpretations of reality to prevail over alternatives. These strategies are deployed by individuals and organizations invested in promoting particular understandings of material conditions or artifacts, including economic conditions such as the new economy and technologies such as the telephone or the Internet. The research presented here underscores the continual struggle underlying these processes, as dominant interpretations such as the superiority of market led regulation must constantly contend with alternative perspectives.

If language is an important component of social construction, and public discourse is an arena where struggles over meaning are carried out, who is involved in the struggles? What is the role of the people receiving or engaging the discourse, the news audience? These questions suggest new avenues for research, focusing on issues of agency and reception in the process of meaning production. These directions for future research are described in greater detail at the conclusion of this chapter.

Summary of Findings

This analysis sought to answer two key questions. First, how is the role of the state constructed in the press surrounding the AT&T divestiture and the 1996 Telecommunications Act? Second, how is the new economy implicated in press coverage of Internet regulation? In answering these two research questions, this project identifies three primary discourses surrounding issues of regulation. While frames promoting a market led regulatory paradigm usually prevail, many stories also position the state as a necessary overseer of the market. This analysis also identified a prominent discourse focusing on the potential perils of market led regulation, such as industry upheaval, higher rates, and intensifying consolidation.

Discourse supporting market led regulation is supported by a variety of frames in media coverage during these three periods, and is identified in this analysis as generally dominating alternative views of regulation. Many stories enumerate the benefits of deregulation, associating it with vibrant competition, technological innovation, national

economic strength, and lower prices. The government's regulatory efforts are sometimes positioned as an obstacle to these advantages. At the same time, the transition to deregulated, competitive markets is frequently described as rocky or tumultuous, challenging both industry and consumer. The promises of the free market, such as falling rates, are often not portrayed as immediately realized through the removal of state oversight, and are instead framed as benefits to be enjoyed in the future. While deregulation may immediately bring about rising rates or reduced competition, these undesirable results are portrayed as temporary conditions that must be endured so that consumers can later enjoy the fruits of the free market. Potential criticism of deregulatory policy is neutralized, as its benefits are continually framed as being just around the corner. A variety of discursive strategies act to support the market led regulatory paradigm in this way, and these are discussed later in the chapter. Although frames supportive of market led regulation often dominate in the news coverage studied here, they must compete with two other primary discourses critical of sweeping deregulation.

News stories framing government representatives as rightful agents of traditional regulation are most likely to appear in coverage of the AT&T divestiture before the break-up in 1984. Deregulation and the encouragement of competitive markets is portrayed as a process requiring vigilant state oversight, and this contrasts sharply with later coverage which implies that deregulation is largely an issue of simply taking government out of its oversight role. In the years preceding the divestiture, and especially

in the months directly prior to the breakup in 1983, the wisdom of deregulation itself is questioned while the longstanding functionality of the traditional state-regulated monopoly is praised. After this period in the early 1980s, frames of the government protecting the public interest through active regulation narrow considerably, and are limited to specific issues such as the “e-rate” and the V-chip. Indeed, the public interest itself is identified with special interests and targeted programs, rather than an overall goal of all telecommunications regulation.

Anxiety surrounding deregulation is evident in all three samples of news coverage, and is particularly prominent during the AT&T divestiture era and the last three years of the Internet new economy period. Of the three periods studied, the 1996 Act coverage is unique in that it frequently acknowledges dissatisfactions and fears associated with deregulation, but generally blames government intervention for these issues, suggesting that further deregulation and greater faith in the free market will solve the problems of higher prices, concentration of market power, and weak competition. In this way, the 1996 Telecommunications Act is portrayed as flawed because it does not go far enough in removing government oversight from the marketplace.

News coverage of Internet policy was expected to follow this discursive trajectory, blaming the government’s over-involvement for undesirable market conditions such as high prices and poor competition, and containing anxiety by framing negative ramifications of the free market as inevitable side effects of the transition to competitive markets. Instead, media discourse on Internet regulation portrays a strong sense of

anxiety similar to that observed in the coverage of the divestiture, and news frames critical or fearful of market led industry development appear regularly, intensifying in 2000 and 2001 and surpassing other discourses. Private corporate interests are framed as inappropriately dominating decisions about the development of the Internet, and distrust of market led regulation is also apparent in coverage of mergers. Justifications for consolidation including increased efficiency and economies of scale appear less often in these stories, and this latest period of coverage is most likely to feature criticism from public advocacy organizations, such as the Media Access Project and Consumers Union. Although undesirable conditions such as industry turmoil and intense consolidation are sometimes framed as inevitable effects of natural and ultimately beneficial market processes, as in the two previous periods studied for this project, the concerns appearing in coverage of Internet policy are less effectively contained. Yet despite the strength of these critical frames, deregulation has continued to dominate as a policy trend in the years following the crash.

This research does not assume a direct connection between discourse and policy formation, but drawing on the work of Todd Gitlin (2003) and William Gamson (1988; 1992), does assume that discourse, which shapes perceptions of reality, can create conditions conducive to particular trends. Additionally, this project assumes that public discourse often reflects a society's dominant ideological frameworks, as noted by Gitlin, Gaye Tuchman (1978), and Murray Edelman (1988). Therefore, the dissonance between public discourse and actual policy directions revealed in the analysis is surprising. This

unexpected aspect of the project's findings is discussed further below in the section on framing analysis and the relationships between dominant and oppositional discourse.

The three primary discursive patterns described above appear unevenly among the four publications studied. Generally, *Times* and *Wired* articles, both examples of elite discourse, provide much more in-depth coverage than that appearing in the two newsmagazines. Coverage from the *New York Times* is most likely to portray government representatives and agencies appropriately engaging in traditional regulation including market oversight and universal service programs. *New York Times* articles are also most likely to cite representatives of government and public interest groups. Although the *Times*, *Newsweek*, and *US News and World Report* all discuss rate changes and technological innovations, the *Times* tends to highlight the industrial or political significance of these topics in greater detail. *Newsweek* and *US News* are more likely to focus on the perspective of the consumer, breathlessly describing emerging technologies such as call waiting, or explaining how telephone customers might take better advantage of flexible telephone rate plans.

Times coverage is most likely to be critical of market led regulation, covering topics of industry consolidation and Congressional efforts to save endangered universal service plans. Stories from *US News and World Report* also are sometimes skeptical, but this critical discourse tends to center on consumer complaints. *Newsweek* and *US News and World Report* both contain proportionately high numbers of stories framing government regulation as an obstacle to the progress offered by the free market.

Newsweek coverage is especially likely to look optimistically on deregulation, so that even in the face of discouraging trends like the Internet stock crash, *Newsweek* stories focus on the future benefits of market led industry development.

Of these four publications, *Wired* and *Newsweek* articles tend to be most critical of government intervention, but with some significant and telling differences. *Newsweek* approaches regulatory issues from a consumer's perspective, touting promises of new products and services and lower rates, whereas *Wired* coverage generally implies a grander historical view, suggesting that the changes wrought by new technologies make traditional forms of government oversight obsolete. The much larger body of *New York Times* coverage exhibits a wider variety of perspectives than the other three publications, and is the most likely to contain discourse implicitly or explicitly criticizing deregulation, while often framing government regulation as essential to trade and the protection of the public interest.

The differences among these publications can be understood in terms of audience and the cultural status of each media outlet. The *New York Times*, often considered to be the newspaper of record in the US, can set the general news agenda for other publications, defining what issues are important. Generally, the *Times* cites a greater variety of officials and spokespersons, presenting a wider range of perspectives and greater inclusion of oppositional discourse. The *Times'* cultural prestige and elite audience may make the newspaper more attractive to policy stakeholders seeking to promote their views in public discourse. Additionally, the *Times*, as a daily newspaper,

has more available space than the other periodicals, and employs more personnel. *Newsweek* and *US News and World Report* may be influenced by the agenda of the *Times*, but are targeted to less educated, lower income audiences, where populist, anti-government sentiment may be more common. *Wired*, an iconoclastic publication directed at a much more narrowly defined, highly educated and wealthy group of readers, is sometimes similar to the newsmagazines in its libertarian tones, but is influenced by a particular cultural tradition of technophilic utopianism, often assuming that emerging information technologies will diminish the need for traditional government. Ownership may be another factor in accounting for patterns among the publications, as the *New York Times*, *Wired*, and *Newsweek* are all owned by parent companies with stakes in other media. Martin Gilens and Craig Hertzman (2000) observe that newspapers that are part of media conglomerates may consistently avoid presenting coverage that would be potentially damaging to other branches of the parent company, such as television stations. Observations of the publications' various audience demographics, ownership structures, and formats may offer some explanation for the differences in discursive patterns, but this issue would be best investigated by an institutional analysis including actual interviews of writers and editors, to better understand framing choices.

Shifting Conceptualizations of the State and the Public Interest

Over time, the role of the state discursively shrinks and the public interest is increasingly defined in terms of consumer opportunities and individual, rather than community wellbeing. These trends are both components of the market led regulatory

paradigm. Coverage appearing during the AT&T divestiture is more likely to frame the government rightfully ensuring effective competition and addressing issues of universal access, while stories on the 1996 Telecommunications Act largely disparage government intervention, relegating appropriate involvement to specific, limited areas. During the new economy period, government involvement is often framed as a danger to the nascent Internet economy, although in the last years of coverage the government re-appears in news coverage as an appropriate source of industry oversight.

Assuming that discourse can shape perceptions of reality, this shift is significant in terms of policy implications. Whereas early press tends to describe deregulation as a process requiring careful government oversight and active facilitation, later coverage increasingly constructs deregulation as a subtractive process, requiring the simple removal of state involvement. Coverage appearing during the 1996 Act and Internet economy eras is also more likely to portray government intervention as explicitly harmful, blaming the FCC for delaying competition in long distance or implying that government regulation will stunt the growth of the online economy. As portrayals of the government as a rightful regulator decrease, traditional state involvement becomes less discursively available as a policy option, overshadowed by discourse heralding the free market as the most effective and natural source of regulation. The abstract concept of the market is correspondingly elevated and framed as a superior alternative to traditional state oversight. This trend is most apparent in the coverage surrounding the aftermath of the Telecommunications Act, as negative repercussions of the deregulatory legislation,

such as rising prices, are largely attributed to the state. Any return to traditional government oversight is vilified here and framed as an unthinkable policy option, while increased deregulation is frequently positioned as the only plausible solution. While public discourse is only one component of the larger processes of social construction, the discursive shrinking of the government's role is significant, and is accompanied by a shift in the construction of the public interest, which is increasingly equated with the benefits associated with market led regulation including technological innovation, new opportunities for consumers, and success in the global economy.

As discussed in chapter three, the public interest has been historically associated with the promotion of social goods such as inexpensive access to communications networks and diverse perspectives in broadcast media. Horwitz (1989), Streeter (1996), and Aufderheide (1999) all note that public interest theory in the US is rooted in the promotion of a stable, healthy economy and the facilitation of trade. This traditional focus on the competitive marketplace extends to the metaphorical marketplace of ideas, which is considered to be an essential ingredient to successful democracy, thus justifying the regulation of broadcast technologies. This conceptualization of the public interest presumes a government dedicated to the active protection of community interests, imagining the public as a collective unit rather than simply an assemblage of individuals.

However, such traditional conceptualizations of the public interest that imply social needs beyond the scope of the market appear primarily in coverage before the AT&T divestiture and pop up twenty years later, in the significant amount of critical

discourse that surfaces in 2000 and 2001. The furor over rising local rates and access charges focuses attention on universal service in the early 1980s, as the General Accounting Office (now called the General Accountability Office) predicts that a considerable percentage of low-income telephone customers are in danger of losing service. Many news stories cover this issue, and although the majority does not directly question the virtues of a competitive long distance market, the market is framed as an inadequate answer for social needs such as widespread, affordable service. This shifts in later coverage, both after the divestiture and in stories on the 1996 Telecommunications Act, which imply that issues of access and affordability can be effectively addressed through competition, increased consumer choice, and falling rates—all resulting from deregulation.

During the last two years of coverage studied for this project, broader articulations of the public interest appear in coverage largely on two issues - media consolidation and broadband access and competition. While prices continue to appear as an issue, diversity of content and control of communications infrastructure are also prominent concerns. This shift may be related to the cultural myths surrounding the Internet, which have portrayed cyberspace as an open frontier—free of centralized control emanating from public or private organizations. As cable and telephone companies argued against open access policies, and as the number of ISPs dwindled, the Internet may have begun to appear less free and open. Calls for public interest advocacy were unsuccessful in terms of policy, however, so that by 2005, both cable and telephone

companies were permitted to restrict competitors from accessing their high-speed networks.

Aufderheide (1999) reflects critically on the discourses of public interest surrounding the 1996 Act, suggesting that public interest activists who attempted to influence and critique the Act failed to put forth a clear, mobilizing vision that would offer their audience an alternative to arguments promoting deregulation (p. 107). While Todd Gitlin (2003) might rightly argue that other factors, such as social movements' dependence on media, are also a central issue in shifting public discourse and making material differences, Aufderheide's observation highlights the importance of discursive strategy (p. xvii). The present analysis correlates her critical evaluation, finding that although discourses of anxiety and dissatisfaction are highly visible, especially during the last years studied, constructive statements advocating increased state intervention are rare, as the role of the state continues to be discursively reduced. While public interest advocates and other stakeholders may sharply criticize the effects of deregulatory policy, such as heavy consolidation and higher rates, and condemn the regulatory failings of officials such as Alan Greenspan, the option of renewed state oversight is not effectively presented in public discourse as a realistic policy option. This may be due to advocates' failing to effectively mobilize a convincing alternative discourse, as Aufderheide suggests, but also might be at least partly attributed to the reluctance of commercial media outlets to advance particular views, especially those opposed to their own corporate interests.

Deregulatory discourse tends to frame the public as individual consumers, and the benefits of deregulation are often described in terms of new opportunities to enjoy emerging products and services. Aufderheide (1999) notes this consumerist definition of the public interest, in which social participation is measured by one's purchases (p. 5). Streeter (1996) similarly notes this trend toward imagining the public as an agglomeration of consumers, citing Stuart Ewen, who suggests that this is a "new mode of conceptualizing social relations in an industrial society" (p. 95). This consumerist orientation of the public interest is implied in news coverage that associates market led industry development with accelerated technological innovation, bringing the wonders of custom designed telephones, call waiting, and later, broadband data services to consumers around the country.

The conflation of the public interest with new consumer opportunities focuses on individual advantages and wellbeing, and tends to ignore the public as a community. Abstract social goods, such as affordable access to communications and principles of common carriage, are overshadowed in discourse by breathless predictions of falling prices and technological innovations. Competition between an array of service providers, once thought to encourage lower prices and more flexible service plans, is dismissed as inefficient, while newly created oligopolies are justified in discourse as more efficient than an open field of multiple competing companies. Antitrust concerns are treated dismissively in this discursive paradigm, as the state's role of shielding consumers from monopolistic abuses fades. Consumer protection is entrusted to the invisible hand of the

market—which will allegedly punish monopolistic excesses—and consumers are exhorted to take responsibility for their own wellbeing and actively exert themselves to seek the lowest prices and best service arrangements. Personal responsibility is highlighted as consumers must fend for themselves, rather than depend upon state-regulated arrangements guaranteeing particular standards of affordability and service. The legitimacy of the state’s protective role, which is based upon the idea of the government representing and serving a community bound together by common interests, is likewise challenged by this increasing focus on individual responsibility and wellbeing. The moral aspects of this trend towards individual responsibility are discussed in greater detail later in this chapter.

While the news discourse supporting a market led regulatory paradigm has helped to shape new definitions of the public interest, challenging traditional notions of state responsibility and community orientation, many of the promises of deregulation have not been realized. The public interest is frequently articulated in terms of technological innovation, greater selection of products and services, and lower prices for those who wisely seek the best deals, but these rewards of the free market are often portrayed as occurring in the vague future, and benefit consumers unequally. One early example of this is seen in the celebration of lower long distance prices during the AT&T divestiture. While long distance prices indeed fell, this primarily was to the advantage of wealthier consumers and businesses, which relied more on long distance service. Lower income customers, who mainly made local calls, were faced with higher bills.

Telecommunications and cable companies have also argued that deregulation would result in greater investment in broadband infrastructure and ultimately, lower prices and more advanced service. In 2006, however, US broadband penetration lagged behind that of many other countries, with slower connections and higher prices (Abboud, 2006). Promised benefits fail to appear, although telecommunications and cable companies continue to increase their demands for greater control over infrastructure and, with the network neutrality debate, over the transmitted content. Traditional concerns, such as the cultivation of a robust, affordable, and accessible communications network and the principle of common carriage, are increasingly ignored in public discourse. Instead, the wellbeing of the industry and leading companies becomes paramount, as the public interest is tied to the nation's economic success on the global market.

During the three periods studied in this project, global competitiveness is also equated with the public interest. Deregulation is framed as a way to strengthen the position of US companies on the global market, and the prosperity of these companies is linked to the wellbeing of the country as a whole. During the divestiture period, Japan's advancing technology sector is regarded as a competitive threat to US companies. Likewise, in the period following the Internet stock crash, deregulation is positioned as a way to encourage broadband infrastructure growth, which is predicted to benefit the nation's lagging technology economy. These discourses of global competition are similar to the arguments made by Manuel Castells (1996), who suggests that the state's legitimacy is directly tied to the success of domestically based companies in global trade.

The government is framed as supporting the public interest through advancing certain corporate interests, while the needs of communities and citizens are ignored. Large, consolidated companies benefit especially, for they are viewed as the best chance for US success in global trade. Size is praised, and consolidation is viewed as a way for companies to become stronger and more competitive, ultimately benefiting the US in international trade, although the benefits to US workers and consumers are not articulated.

Government support of corporate interests is manifested in domestic deregulatory policies as well as in applying pressure to other countries to open their telecommunications markets. Dan Schiller (1999) refers to this trend as the “neoliberal networking drive,” arguing that US-based transnational corporations helped to spearhead a movement to privatize foreign telecommunications networks in the 1980s and 1990s, making them available for foreign investment and restructuring. This analysis argues that rising pro-deregulatory discourse is one of the forces contributing to the creation of conditions conducive to this globalizing drive, facilitated by different organizations including the International Monetary Fund, the International Telecommunications Union, and the World Trade Organization. The news discourse analyzed in this project increasingly conflates the public interest with the success of US corporations in global trade, so that alternative definitions focused on social goods and community responsibility are elided. Privatization and trust in market logic rules the day, so that certain policy options vanish from the agenda of public discourse, or never achieve

visibility. For example, although some countries currently enjoying higher broadband penetration than the US support the growth of infrastructure with comprehensive government programs, constructing broadband service as a sort of public utility, this option was not taken seriously in mainstream US discourse (Abboud, 2006). In 2006, companies such as Verizon and AT&T are attempting to strengthen their ownership rights over their broadband networks, promoting the concept of tiered service and doing away with the traditional public interest principles of nondiscrimination and common carriage. The wellbeing of corporations supersedes the welfare of private citizens, as the public interest is discursively re-shaped.

Dominant and Oppositional Discourse

The oppositional discourse found in this study, resists the assumptions and arguments of the dominant, market led regulatory paradigm. Existing literature on framing in commercial media does not adequately account for this degree of opposition, as Todd Gitlin (2003), Murray Edelman (1988), Gaye Tuchman (1978), and Robert McChesney (1999; 2004) all argue that commercial news discourse generally follows dominant ideological frameworks, supporting the interests of the corporate media producer. This body of scholarship offers a variety of reasons for this link between commercial news frames and dominant ideology, but generally assumes that resistant discourse only infrequently and minimally enters the mainstream media. The empirical evidence presented in this project suggests otherwise, demonstrating that frames

supporting dominant ideological assumptions, such as the superiority and desirability of deregulation and free market logic, are often met with discursive opposition. In this way the present analysis challenges existing theories of framing in commercial media, suggesting that there is more ideological conflict in mainstream news discourse than previously thought.

Edelman (1988) and McChesney (1999) theorize a powerful, generally coherent and broadly encompassing corporate media system, focusing on issues of ownership. Both scholars address the appearance of oppositional discourse in corporate media, but they are dismissive. Edelman argues that dissenting voices are transformed into institutionalized opposition, ultimately reinforcing dominant ideological assumptions. McChesney similarly finds that discontent is “reined in and neutered,” neutralized by its consignment to “a largely ineffectual ‘consumer’ interest group” (p. 64). In this framework, the oppositional voices represented by groups such as the Media Access Project or Consumers Union are stripped of power in mainstream media discourse. Additionally, the research found that while public advocacy groups are particularly visible in certain periods, oppositional discourse is also associated with government officials and industry representatives, and appears in general coverage without specific spokespersons. McChesney argues that coverage critical of corporate media is “basically verboten in the commercial news media, and discussions of key laws and regulations are restricted to the business pages and the trade press, where they are regarded as issues of importance to investors, not as public issues of importance to citizens” (p. 65). The

present analysis of media discourse notes that detailed descriptions of policy formation are mainly limited to the “elite” publications, *Wired* and the *New York Times*, often discussing policy proposals within a business context but during particular periods—such as the months prior to the AT&T divestiture--also featuring public interest discourses. Additionally, this research found significant discourses expressing concern over consolidation and the escalating dominance of certain media firms, and this conflicts with McChesney’s assertion that commercial news organizations rarely if ever present criticism of the institution of corporate media. While Edelman and McChesney are right to be critical of corporate media dominance, these implications of media’s overarching power are paralyzing, making it difficult to explain discursive and historical shifts, and the significant, prolonged presence of oppositional discourse observed in this study.

Gitlin (2003) and Tuchman (1978) emphasize institutional constraints of commercial media, such as professional standards and advertising interests, but like Edelman and McChesney, assume that mainstream news discourse will generally support dominant ideology. While McChesney and Edelman see commercial media organizations directly and often consciously exercising their power in shaping public discourse, Gitlin and Tuchman focus on how institutional constraints of news production can function to promote particular perspectives. Both scholars view news media as generally supporting dominant corporate, capitalist interests, but this power is conceptualized as less encompassing and self-aware than in the work of McChesney and Edelman. The pattern of deregulation in the US over the past three decades would indicate that the market led

regulatory paradigm has indeed taken hold as dominant ideology, but this is not consistently reflected in commercial news coverage. Instead, dominant and oppositional discourse engages in an ongoing struggle, with oppositional discourse peaking in the period after the Internet stock bubble burst. During this period, financial experts and government officials are cited in news coverage critiquing the free market belief that the simple subtraction of government oversight is beneficial to the public and the economy. The same period is also characterized by greater reliance on spokespersons from public advocacy groups, such as the Center for Media Education, Consumers Union, and Media Access Project, organizations with much less visibility in the news stories surrounding the 1996 Telecommunications Act.

Media frame theory is useful in critically identifying the ways in which dominant ideology is embedded into mainstream news discourse, but cannot explain the persistent, significant presence of oppositional frames. In theorizing a commercial media system heavily influenced by corporate interests, this perspective tends to ignore the possibility of widespread dissent, a phenomenon repeatedly identified in this research. Although ownership and institutional limitations may strongly affect the production of news frames, this influence may not be direct or consistent. At the same time, the oppositional discourse observed in this study does not directly lead to significant policy shifts. Rather, this analysis argues that oppositional discourse, though often plentiful, is contained in a variety of ways. The following section discusses several discursive strategies that have

had the effect of neutralizing or subverting frames critical of the dominant, pro-deregulatory ideology.

The Resilience of the Market Led Regulatory Paradigm

Framing analysis allows the researcher to understand the relationships and interactions between different media discourses, studying context and understanding how language can be subtly used to subvert particular arguments, such as portrayals of the state as a necessary source of regulation, or fearful or critical portrayals of deregulation. These discursive strategies can have the effect of supporting the market led regulatory paradigm in the face of significant opposing discourses, which are contained or enrolled. This mechanism offers one way of understanding how oppositional frames may be highly visible in public discourse, with little apparent effect on policy.

State regulation is presented as an obstacle to the efficiencies and advantages of the free market, and government intervention is often portrayed as inept and archaic. While much of the pro-deregulatory discourse observed in this study celebrates the alleged benefits of market led regulation, including accelerated technological innovation and global competitiveness, there are also negative frames that dismiss government as a legitimate player in the regulatory process. James Aune (2001), in his analysis of free market rhetoric appearing in academic and popular discourse, finds that technological advances such as the growth of Internet technologies often are presented as if they make traditional government regulation obsolete. This position is frequently identified in *Wired*

coverage analyzed for this research, and appears generally in news stories on the 1996 Telecommunications Act and the 1990s new economy boom, as confidence in the market mounted. Both Aune and Patricia Aufderheide (1999) note that government efforts to protect public welfare are criticized as inappropriate and ineffective. Aufderheide observes this in relation to the government's post-divestiture endeavors to preserve universal service programs, which she says were portrayed by long distance competitors as poorly managed (p. 24). Aune's "perversity thesis", which asserts that a well-meant government effort to support the public interest will always have the opposite of its intended effect (p. 25), appears in news stories on unemployment appearing after the passage of the 1996 Act. The latter frame government efforts to aid unemployed telecommunications workers as ultimately harmful to the blossoming economy. Government agencies, especially the FCC, are often blamed for the problems resulting from deregulation, including those to which private industry directly contributed. Aune identifies a pattern of blame in his rhetorical analysis that simultaneously denigrates government intervention while elevating the market. He argues that the government "serves as the scapegoating device for all the ills in the body politic. And in the romantic drama spun by libertarians, the market assumes the role of hero in vanquishing government" (p. 9). These critical portrayals of government regulation occur throughout the periods studied, but are particularly pronounced in the middle and late 1990s, during a period of apparent economic prosperity.

The transition to deregulated markets is often characterized by undesirable conditions such as unemployment, rising prices, and industry upheaval and consolidation. Discourse expressing anxiety or disappointment regarding these unwanted side effects of deregulation is prominent during all three periods studied. These side effects are often reframed, however, in discursive strategies that have the effect of supporting the market led regulatory paradigm. Wiebe Bijker's and John Law's concept of *enrollment* is useful here. Bijker and Law (1997) describe the social interactions that occur during the shaping of a technological artifact or practice. They suggest that proponents of a particular perspective can either disenfranchise those holding opposing views—as seen in discourse that discredits the government and its role in promoting the public interest—or attempt to enroll them, “transform[ing] the outsiders' perceptions” (p. 29). This analysis argues that certain aspects of pro-deregulatory discourse may have the effect of enrolling opposing arguments, discursively absorbing or reframing them. This can be seen in coverage that frames the negative effects of deregulation as inevitable, such as when industry upheaval is portrayed as a natural and necessary form of Joseph Schumpeter's “creative destruction.” This discursive enrollment is also observable in coverage that romanticizes the free market as a Darwinian state of nature or an epic battle. Industry turmoil, which may result in declining service or job loss, is naturalized as part of the inevitable fight for the survival of the fittest. The underlying moral frameworks of these metaphors of natural law and competition are explored further below.

The portrayal of *inevitability* is another important discursive strategy. When news accounts approach institutionalized practices or beliefs as natural and unconstructed, they emphasize “a sense of inevitability and impotence”(Edelman, 1988, p. 98). This is evident in news narratives that frame the free market as something operating according to natural law, in contrast to the government’s artificial efforts to control market processes. By portraying deregulation as a subtractive process in which the absence of government oversight naturally results in the exercise of efficient market logic, the free market system is framed as an underlying, more authentic reality and as an inescapable manifestation of natural law. The controversial side effects of market led industry development, such as intensifying consolidation, are also often framed as inevitable in media discourse, and McChesney (1999) notes that this can lead to fatalism and “the quashing of public debate” (p. 63). These frames of inevitability occur throughout the coverage studied here, naturalizing unwanted conditions as inescapable sacrifices to be made in the ultimately beneficial process of embracing deregulation. In a process of reification, the market is cast as an uncontrollable natural force in media discourse so that unemployment, tumultuous industry conditions, and rising rates are presented in coverage as inevitable ramifications of market logic.

Tuchman (1978) and Gamson (1992) both note that the reification of political or economic conditions eliminates human agency, displacing responsibility. In news coverage of the divestiture, the 1996 Telecommunications Act, and Internet regulation, the traditional role of government as a protector of the public interest recedes, leaving

individuals responsible for their own welfare. This shifting of responsibility is especially pronounced during the divestiture era, as consumers are urged to become savvy, aggressively seeking the best service deals and comparing prices. While local rates are acknowledged to be rising, articles tell consumers that the opportunities to save money are available, if they are willing to actively seek them. As discussed above, the public interest discursively shifts during these periods as the general public, formerly protected by government regulatory mechanisms, dissolves into a mass of individual consumers, each responsible for his or her own welfare. As the public is redefined in this way, the traditional position of the government as a protector of community wellbeing is challenged.

This focus on individual responsibility is one aspect of a coherent moral framework often invoked in pro-deregulatory frames. This moral structure constitutes another discursive strategy contributing to the strength and resilience of free market rhetoric. The moral framework implied in these discourses, similar to the one described by George Lakoff (2002) in his study of political discourse, argues that the success of conservative policy in the US, including deregulation, is partly due to the effective promotion of certain ideas and assumptions in public discourse, such as citizens' personal responsibility and the illegitimacy of state involvement (p. 19). The empirical evidence presented in the present analysis supports this claim, demonstrating that frames promoting a market led regulatory paradigm have been prevalent in public discourse for decades, albeit not without challenges. Moreover, the discursive strategies that

characterize the market led paradigm may increase its resilience in the face of opposition. In this way, proponents of the free market have apparently been quite successful in advancing particular ideas into public discourse. Aune (2001) notes that conservative political agendas—specifically, the promotion of free market policies—have enjoyed greater success in the US in recent decades because of conservative groups’ greater investment in cultivating particular public discourses (p. 5).⁷³

The discourses of market led regulation found in media coverage of the divestiture, the Telecommunications Act, and era of the new Internet economy imply particular definitions of moral and immoral behavior, although “morality” itself is never explicitly discussed. Discourse celebrating the free market frequently employs metaphors of battle and Darwinian struggles for survival. While these images may help to portray the unregulated market as a natural state, they also support a broader moral framework. Lakoff (2002) observes that conservative ideology in the US tends to frame the world as a harsh, hierarchical meritocracy, requiring self-discipline for survival. Competition is highly valued as a way to test and develop individuals’ moral strength, and hardship helps people to cultivate stronger character, becoming more valuable members of society (p. 69). The development of self-discipline and self-reliance is rewarded with material success, and conversely, wealth is viewed as evidence of moral virtue. Lakoff notes that the free market system is based upon the premise of individuals pursuing their self-

⁷³ While both Lakoff and Aune refer to “conservative” and “liberal” ideologies, they are careful to note that these are somewhat fluid umbrella terms, encompassing a variety of perspectives. Aune primarily focuses on neoconservative rhetoric, while Lakoff refers to “central conservatism” and “central liberalism.”

interests. He elaborates on the links between morality and free market economics, stating, “[S]eeking one’s own self-interest is actually a positive, moral act, one that contributes to the well-being of all. Correspondingly, interfering with the pursuit of self interest is seen in this metaphor as immoral, since it does not permit the maximization of the well-being of all” (p. 94). This logic appears repeatedly in media discourses promoting deregulation, excusing companies’ anti-competitive behavior as evidence of proper self-interest or condemning antitrust investigations for seeking to punish large, successful companies that have rightfully fought to dominate their industries. Both corporate and individual wealth is framed as evidence of appropriate self-interest, while proposals for public welfare, such as government unemployment programs or universal service, often are portrayed as wrongheaded and unnecessarily coddling. The conflation of material success with moral uprightness is also culturally relevant to the Protestant ethic, which assumes that wealth is evidence of hard work and determination as well as divine approbation.

Together, the discursive strategies described in this section may have the effect of promoting the market led regulatory paradigm, helping it to prevail over significant opposition. These processes of enrollment and containment absorb oppositional discourses, neutralizing their assumptions and arguments, and frame analysis helps to reveal these interactions. This process is never complete, however, as opposing frames recur over time.

Longitudinal Study of Public Discourse

The assumptions and arguments of deregulatory discourse frequently materialize in actual policy decisions, and this occurs repeatedly during the three periods studied. While trends in public discourse cannot be directly linked to policy decisions, they can contribute to conditions conducive to particular choices, as “common sense” about the role of the state and the public interest discursively shifts over time. Oppositional discourse, challenging the wisdom of deregulation and market logic, is highly visible during certain periods, but this trend does not appear to manifest in policy choices. This disjuncture is especially noticeable during the last two years of coverage, when frames critical of market led regulation dominate in public discourse but appear to have little relation to ongoing trends in policy, as deregulation continues. This analysis argues that these opposing frames cannot be judged immediately as failures. Although oppositional frames may not contribute to swift policy shifts, they can help to keep alternative ideas available in public discourse. Existing media frame theory, such as that employed by Gitlin (2003), Tuchman (1978), or McChesney (2004; 1999), defines successful frames in terms of both widespread deployment in public discourse and material shifts. An example of this is seen in Gitlin’s analysis of the mainstream media’s framing of the antiwar movement in the 1960s. He suggests that the framing efforts of the Students for a Democratic Society are unsuccessful, based upon the group’s marginalization in commercial news media. The present analysis argues that the success of particular groups of frames must be evaluated over time, rather than during short periods. Examining

public discourse longitudinally can show the rise and fall of frames over longer periods, allowing the researcher to identify discursive cycles and evaluate the success of particular frames within a broader temporal perspective.

The evidence presented here shows that in the short term, oppositional frames tend to be discursively contained, enrolled, or otherwise subverted, contributing to the support of the dominant, pro-deregulatory discourse while not appearing to create conditions conducive to policy change. The press surrounding the AT&T divestiture is characterized by strong oppositional discourse that frames the breakup and associated deregulation with distrust, suggesting that traditional government oversight can better protect the public interest. Despite the significant presence of discourse challenging deregulation, the policy trend has continued and grown stronger over the past two decades. Oppositional frames in public discourse continue to appear over these years, and rise again in 1999 so that discourse critical of deregulation actually dominates news coverage in 2000 and 2001. This cycling of discourse suggests that oppositional frames surrounding the AT&T divestiture, which support a protective state and question the wisdom of market led regulation, may condition the discursive environment of future periods. The renewed presence of oppositional discourses, framing the state as a beneficial source of regulation or criticizing the market led regulatory paradigm, is significant because it demonstrates that these alternative perspectives have continued to be discursively available over time. While deregulation may continue to be a dominant trend in policy, the recurring presence of oppositional discourse shows that alternative,

traditional definitions of the state's role and public interest continue to circulate widely in mainstream public discourse. This analysis views the continuing availability of these oppositional discourses as a limited form of success, contributing to future discursive environments.

Looking at discourse over longer periods may also illuminate patterns in policy choices, although these cannot be directly connected to discursive shifts. Deregulation continues to be a dominant policy trend during and after the surge in public interest discourse at the turn of the century, but the high visibility of oppositional discourse in this period may contribute to conditions conducive to later shifts in public opinion and policy. One example of this is seen in the protests of 2003 that eventually forced the Federal Communications Commission to partially repeal its decision to allow television station owners to reach a greater percentage of the national audience.⁷⁴ Evaluated in the short term, oppositional frames may appear to have little effect on discursive conditions, but tracked over time, the appearance of frames may reveal significant patterns.

Social Construction

The success and failure of particular frames depends upon a variety of factors including cultural resonance, historical and material conditions, audience interpretation,

⁷⁴ Additionally, the Third Circuit US Court of Appeals chose to stay the FCC's decision to liberalize ownership rules in September 2003, in response to the case of *Prometheus v. FCC*. The Media Access Project assisted the Philadelphia-based Prometheus Radio project in challenging the new ownership rules, and this case contributed to the FCC's later decision to repeal the rules.

and the political and cultural resources of persons and organizations promoting particular assumptions and beliefs. The present research focuses on discursive aspects of the social construction of communication technologies, policies, and institutions, showing how material conditions, such as the new economy boom, and artifacts, such as the telephone or Internet, are discursively shaped in mainstream news coverage. Longitudinal research helps to highlight the recursive nature of this process, as individual stakeholders interact with a variety of social and institutional structures over time.

This analysis contributes to the denaturalization of particular technological and policy trajectories, demonstrating how different interpretations are negotiated in the arena of public discourse. Specifically, this research illuminates the ways in which market led regulation has been discursively shaped as a natural and inevitable trend, despite significant opposition. The interpretative struggle that accompanies the market led regulatory paradigm in public discourse demonstrates that policy alternatives continue to be discursively available, potentially contributing to conditions conducive to future change. Kenneth Gergen (1999) finds that the ability to imagine and suggest alternatives is an important aspect of social construction analysis, and the present research pursues this goal through the study of discursive shaping and struggle. To better understand these dynamics, further research may extend the parameters of study to better identify the discursive cycles, or employ other methods in order to address issues of audience interpretation.

Conclusions and Future Prospects

The research presented here focuses on the careers of frames in mainstream news coverage of policy. Evidence indicates that the role of the state discursively shrinks over time while the public interest is redefined in individualistic, consumer-oriented terms. The analysis identified a significant amount of discourse opposing deregulation during all three periods studied and especially during the AT&T divestiture and the last three years of the new economy sample. Certain discursive strategies have had the effect of promoting the market led regulatory paradigm, despite this opposition. Future research can address the limitations of the current project, extending the timeline of research, looking at audience reception, and studying the interactions between the spheres of public and policy discourse.

Greater historical contextualization can illuminate the emergence of the market led regulatory paradigm in public discourse, examining how new definitions of the state's role were initially negotiated. Study of press coverage surrounding the AT&T divestiture demonstrates that reducing the role of the state was already a very popular idea in certain circles, even in 1980. While customers and other stakeholders still question the wisdom of applying deregulation to the telephone system, the general notion of minimizing state oversight is already fairly mainstream. This may be due to the transportation regulation occurring in the 1970s, and also could potentially be credited to the Reagan administration. Looking farther back into history may also help illuminate whether or not

communications deregulation was discursively shaped in ways different from other industries.

Extending the timeline of discourse into 2006 would also be valuable, considering the numerous changes that have occurred in the communications industry and in policy since 2001. Specifically, this updated research would address discourse surrounding the open access debates in 2005, as telecommunications and cable companies were allowed to restrict access to their broadband networks, shutting out smaller Internet service provider (ISP) companies. The issue of network neutrality has also risen in importance since 2005, as large ISPs argue for the right to create tiered service, requiring content providers to pay for premium connections to users. This challenges the traditional flat rate model of communication transmission on the Internet, and moves away from public interest provisions such as nondiscrimination and common carriage, separating conduit from content. While a considerable online grassroots effort has been mobilized to preserve principles of network neutrality, this issue has received very little coverage in the mainstream press.

Examination of non-commercial or alternative discourse is another useful way to expand the present research, showing how particular issues and frames are shared between mainstream and alternative news outlets. Studying a broader range of media can also address the emerging issue of online news publication and political organization. How might the interactive nature of online media affect issues of framing and audience interpretation?

The present analysis focuses on media frames, primarily approaching the audience in terms of marketing demographics. Conducting focus groups, such as those discussed in the work of William Gamson (1992), can allow greater understanding of how the struggle between different frames is actually perceived by different groups of readers. Are issues of deregulation even considered to be important? How might readers evaluate the re-positioning of the public interest and the increased emphasis on individual responsibility? Reception is another principal aspect of meaning production, and studying audience interpretation would enrich understanding of discursive trends, showing how messages are understood and negotiated by readers.

Additionally, the relevance and general readership of news in the US must be considered. Are mainstream publications mainly arenas for elites to engage in discursive struggle? According to a 2004 study by the Pew Research Center for the People and the Press, 60 percent of respondents over 65 reported reading a newspaper on a daily basis, compared with only 23 percent of respondents below 30 years of age. Research on audience reception can show how different groups of readers may feel disconnected from the presentation of policy issues in the news.

Finally, the relationship between public discourse and policy discourse constitutes a rich field of further study. This research seeks to understand how particular frames of policy issues successfully enter public discourse, while also looking at how public discourse is employed in the policy-making process, such as through the mention of newspaper articles in Congressional statements. By tracing the progression of frames in

both areas of discourse, the recursive relationship between policy-making and news can be better understood. While this would not establish a direct relationship between shifts in public discourse and policy decisions, this research can show how particular interpretations of issues become dominant over time, contributing to conditions conducive to change.

Table 1: Number of articles per publication, per search period

Publication	AT&T Divestiture	1996 Telecom Act	Internet Regulation
<i>New York Times</i>	452	352	570
<i>Newsweek</i>	76	13	78
<i>US News</i>	120	22	74
<i>Wired</i>	N/A	22	32

Table 2: Audience demographic information for the *New York Times*, *Newsweek*, and *US News and World Report* (1985)

	College graduates	\$75,000+ income	Median income
NYT	53.18%	19.45%	\$45,388
Newsweek	31.07%	7.82%	\$34,714
US News	30.87%	8.81%	\$35,057

Data from Fall 1985 Mediamark survey, provided by Mergerstat.

Table 3: Audience demographic information for the *New York Times*, *Newsweek*, and *US News and World Report* (1992)

	College graduates	\$75,000+ income	Median income
NYT	62.32%	38.63%	\$61,149
Newsweek	34.96%	20.84%	\$44,614
US News	35.18%	21.46%	\$44,106

Data from Fall 1992 Mediamark survey, provided by Mergerstat.

Table 4: Audience demographic information for the *New York Times*, *Newsweek*, and *US News and World Report* (2000)

	College graduates	\$75,000+ income	Median income
NYT	65.95%	56.03%	\$84,180
Newsweek	42.21%	38.86%	\$61,847
US News	43.14%	36.68%	\$58,522

Data from Fall 2000 Mediamark survey, provided by Mergerstat.

Table 5: Primary discursive themes in coverage of the AT&T divestiture

Themes and sub-themes	Primary sources
Gov't rightful regulator (General)	NYT, NW
Overseeing competition	NYT
Guarding consumers against rate increases	NYT NW
(Universal service programs)	NYT
(FCC access charges)	NYT, USNWR, NW
Superiority of market led regulation (General)	NYT, USNWR, NW
Traditional gov't regulation as an obstacle to progress	NYT, NW
Stimulating competition	NYT, USNWR, NW
(Stimulating tech innovation)	USNWR, NW
(Lower rates)	NYT, USNWR, NW
(US Global economic strength)	NYT
Natural inevitability of market led regulation	USNWR, NW
Anxiety over market led regulation (General)	NYT, USNWR
Rate increases	NYT, USNWR
Lack of competition (long distance and computing industries)	NYT
Confusion, uncertainty	NYT
Declining equipment/service quality	NYT, USNWR

NYT: *New York Times*; NW: *Newsweek*; USNWR: *US News and World Report*

Table 6: Primary discursive themes in coverage of 1996 Telecommunications Act

Themes and sub-themes	Primary sources
Gov't rightful regulator (General)	Wired, NYT
Regulating deregulation	NYT
Empowering parents with V-chip	NYT
Universal service and e-rate	NYT
Superiority of market led regulation (General)	NYT, USNWR, NW, W
Traditional gov't regulation as an obstacle to progress	W, NW
Gov't at fault for lack of competition in local service	NYT
Anxiety, unintended consequences of Act (General)	NYT, USNWR
Lack of local competition	NYT, USNWR
Rate increases	NYT, USNWR
Mergers, consolidation	NYT, USNWR
(Shrinking media diversity)	NYT
Lack of progress in broadband development	NYT
Mergers as solution to anxieties, disappointments	USNWR, NW, W

NYT: *New York Times*; NW: *Newsweek*; USNWR: *US News and World Report*; W: *Wired Magazine*.

Table 7: Primary discursive themes in coverage of Internet regulation and the new economy

Themes and sub-themes	Primary sources
Gov't regulation stunting economic growth (General)	NYT, USNWR, NW, W
Cryptography	NYT, W, USNWR
Pricing	NYT
Antitrust	NYT
Open network access	NYT
(Internet as naturally unregulable)	USNWR, NW, W
(Internet as reason for dereg. of traditional media)	NYT, NW, USNWR
Gov't regulation promoting economic growth (General)	NYT, USNWR, NW
Privacy	NYT, USNWR, NW
Anxiety surrounding market led regulation (General)	NYT
Content	NYT
Antitrust	NYT
Post-crash disappointment	NYT

NYT: *New York Times*; NW: *Newsweek*; USNWR: *US News and World Report*; W: *Wired Magazine*.

Table 8: Average Residential Rate for Local Telephone Service by Year

Year	Rate
1996	\$19.95
1997	\$19.88
1998	\$19.76
1999	\$19.93
2000	\$20.78
2001	\$22.62
2002	\$24.07
2003	\$24.52
2004	\$24.31

Includes representative monthly charges, subscriber line charges, touch-tone charge, taxes, 911, and other charges. Based on information from FCC *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service*, May 2005.

Table 9: Consumer Price Index (CPI) for Land Line Local Rates

Year	Change in CPI	Adjusted for Inflation
1996	0.9%	-2.4%
1997	1.0%	-0.6%
1998	1.3%	-0.3%
1999	2.9%	0.2%
2000	5.6%	2.1%
2001	4.5%	2.9%
2002	5.3%	2.9%
2003	2.6%	0.8%
2004	1.1%	-2.1%

Based on information from FCC *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service*, May 200

Table 10: Selected Major Telecommunications and Media Mergers, 1995-2000

Buyer	Purchased	Year	Est. Worth in Billions
Westinghouse Electric	CBS	1995	\$5.4
Walt Disney Co.	ABC/Capital Cities	1996	\$19
Sinclair B'cast Group	River City B'casting	1996	\$1.2
Time Warner	Turner B'casting Systems	1996	\$7.6
CBS (Westinghouse)	Infinity B'casting	1996	\$4.7
Bell Atlantic	Nynex	1996	\$24
Worldcom	UUnet and MFS Comm.	1996	\$12
SBC Comm.	Pacific Telesis	1997	\$17
SBC Comm	SNET (Southern New England Telephone)	1998	\$4.4
Worldcom	MCI	1998	\$40
AT&T	TCI	1998	\$69.9
SBC Comm.	Ameritech	1998	\$72.4
Bell Atlantic	GTE	1998	\$60
DirecTV	US Satellite B'casting	1998	\$1.3
Qwest	US West	1999	\$34.7
Clear Channel	AMFM Inc.	1999	\$16.5
Viacom	CBS	1999	\$50.2
AT&T	Mediaone	1999	\$55.8
AOL	Time Warner	2000	\$106

Data collected from *Hollywood Reporter* Media Ownership White Paper and *Mergerstat*.

Table 11: Cable Rates by Year

Year	Average Monthly Rate
1996	\$26.16
1997	\$28.48
1998	\$30.42
1999	\$32.14
2000	\$34.42
2001	\$36.99
2002	\$39.89
2003	\$42.99
2004	\$45.32

From the FCC Report on Cable Industry Prices, released 2/4/05, accessed at <http://www.fcc.gov/mb/csrptpg.html>.

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